

**UNIVERSITY OF KWAZULU-NATAL**

**The Impact of Corporate Social Responsibility on Employee Engagement**

**By**

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**A dissertation submitted in partial fulfilment of the requirements for the degree of  
Master of Business Administration**

**Graduate School of Business & Leadership  
College of Law and Management Studies**

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**Year of submission**

**2013**

## **Declaration**

I, Fortunate Slindile Kweyama, hereby declare that this research thesis is my original work, that all reference sources have been accurately reported and acknowledged, and that this document has not previously, entirety or in part, been submitted to any University in order to obtain an academic qualification.

**Fortunate Slindile Kweyama**

**27 January 2014**

## **Acknowledgements**

I wish to express my sincere appreciation and gratitude to the following individuals, without whose assistance, this study would not have been possible:

- Professor Shahida Cassim for her guidance, understanding and patience. She encouraged me to push consistently, tirelessly and allowed me to work with such independence. Thank you for everything you have done.
- Eskom SOC Limited, all the respondents especially Ms Zinhle Mnguni (Social and Economic Development Advisor), for valuable discussions and accessibility. Without all your help, I wouldn't have been able to complete this study.
- Finally, and most importantly, I would like to thank my only daughter Nombulelo, your patience, your love, your understanding, the long hours spent at the Graduate School of Business should have been spent with you.

## **Abstract**

The purpose for this study was to assess the impact of Corporate Social Responsibility (CSR) on Employee Engagement (EE) in the State Owned Company, Eskom. Specifically, it examines the impact of three CSR dimensions namely, awareness, involvement and environmental and the two dimensions of EE, namely, Job Engagement (JE) and Organizational Engagement (OE). Methodology approach; This study was conducted through a quantitative method of primary and secondary data such as questionnaires, theoretical frameworks and academic literature. Nonprobability sampling method was used. The study was tested on 380 Eskom employees. Findings; organizational leaders are eager to implement CSR strategies in the organizations. The present study revealed realistic and practical practises to broaden understanding the current status of the organization, understanding EE and understanding the role CSR could play as a potential Human Resources (HR) tool to engage employees. Presentation of results and analysis of the study based on collected questionnaires that indicated a significant relationship between the two variables, CSR and EE. Implications/originality/value; the current study made a significant contribution and extension to the knowledge regarding the impact of CSR on employee behavioural outcomes. This study adds on the calls by many researchers for more future researches that will address the relationship between CSR initiatives and EE in other industries.

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## **CHAPTER ONE**

### **Introduction**

#### **1.1 Introduction**

Organizations rely on employees for long-term success (Woo, Sims, Rupp and Gibbons, 2008). Management in organizations has recognised the value of involving all stakeholders, employees included, in their short and long-term strategies. Corporate Social Responsibility (CSR) provides innovative ways of involving employees.

#### **1.2 Motivation of the Study**

Organizations struggle to please all stakeholders equally. This study suggests activities in which organizations can positively engage employees, communities, investors and other stakeholders (Albdour and Altarawneh, 2012). Motivated employees bring an inflow of happy customers, and happy customers bring in revenue, in turn benefiting investors. This study refers to a considerable amount of literature that links CSR to Employee Engagement (EE).

#### **1.3 Problem Statement**

CSR initiatives influence employee's affective connection with an organization. It is one way of engaging employees (Saks, 2006). This study assesses the impact CSR has on employees, particularly since the literature suggests that organizations can address the needs and expectations of stakeholders through CSR initiatives (Hurtado and Agudelo, 2013).

#### **1.4 Focus of the Study**

This case study focuses on EE.

#### **1.5 Research Questions**

The research questions for this study are the following:

- Are employees aware of the external Corporate Social Responsibility initiatives of their company?
- Is there a relationship between Corporate Social Responsibility and Employee Engagement?

## **1.6 Objectives**

The overall objectives of this study are:

- To examine CSR initiatives in a South African organization;
- To examine EE and its two components (job engagement and organizational engagement) in one South African organization;
- To assess the relationship between CSR and EE.

## **1.7 Limitations of the Study**

Limitations of this study were:

- Electronic data collection;
- Low response rate;
- Time constraints.

## **1.8 Summary**

The success of an organization is not only measured with economic aspects. Profitability and growth of an organization are the results of understanding the needs of all stakeholders, one of the stakeholders being the employees. This study focuses on how much employees feel engaged by CSR activities in which the organization is involved.

## **CHAPTER TWO**

### **Literature Review**

#### **2.1 Introduction**

There has been a growing interest in Employee Engagement (EE) shown in recent years. This is due to the possible outcomes of EE. There have been claims that EE predicts organizational success, employee outcomes, and stakeholder returns (Saks, 2006). Basic understanding of human psychology is required in understanding EE. Employers and employees either have dependent or independent relationships. The relationship needs to be interconnected, in other words, it is a relationship where both parties are accountably engaged and share the same goals (Millar, 2012). Corporate Social Responsibility (CSR) has proven to be one of the practices in organizations that is strongly characterized by employee-employer connection (Saks, 2006). The unpredictability of employer/employee relationships in organizations was highlighted by corporate scandals where there was a paucity of corporate accountability. A notable example was the case of the Enron Corporation and the failure to investigate Bernard Madoff and South African mining magnate, Brett Keble (Hough, Strickland and Gamble, 2011). Such cases caused an outcry and a public demand for stricter government regulations (Robbins, Judge, Odendaal and Roodt, 2009). According to Albdour and Altarawneh (2012) scandals in organizations result in high negative levels of trust in the stakeholders. Organizations have taken note that successful businesses are not only concerned with the economic aspects of organizational activities such as profit and growth, but also with the actions that appear to further social good (Jones, Hillier, Comfort and Clarke-Hill, 2009). Furthermore, studies conducted by researchers such as Maon, Lindgreen and Swaen (2010) and Hansen, et al. (2011) show evidence that companies are becoming more involved in community and environmental based CSR activities that focus on cause relationships and philanthropy. As a result there has been an emphasis on CSR's internal impact and its engagement within organizations, namely EE. EE comprises the two dimensions of job engagement (JE) and organizational engagement (OE), thus there is a need to investigate the effect of CSR on EE and work attitudes. Human Resources (HR) can indirectly help to improve corporate reputation (Friedman, 2009).

## **2.2 Employee Engagement**

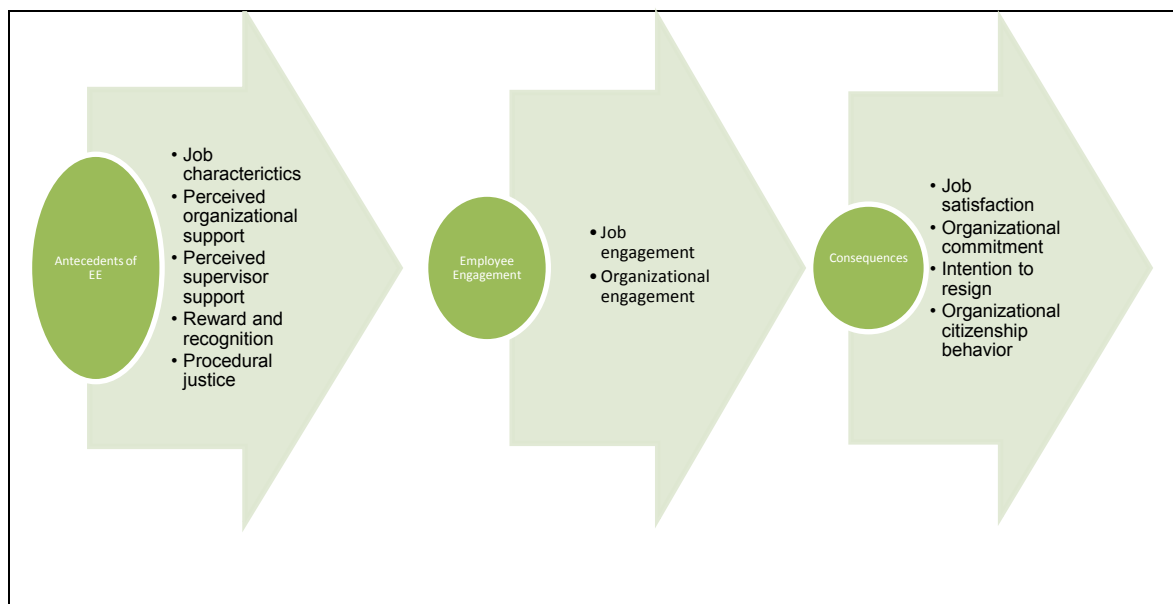
Kahn (1990) introduced the concept of EE in 1990. Since then, scholars and many corporate consultants continue to give their different perspectives on EE. Despite the growing interest in and discussion on EE, the concept still lacks consensus and is defined by extensions of definitions that may sometimes seem different to one another (Saks, 2006). Employee engagement (EE) is a business management concept also called worker engagement; engaged employees are fully involved and enthusiastic about their work, thus will act towards their organization's interests. The term "EE" is used to refer to individual psychological traits, state of mind and behaviour, as well as the outcomes and antecedents which include employee perceptions (Macey and Schneider, 2008). Further research on EE by Saks (2006) maintains EE is a unique concept therefore its definition must be distinctive, and not be clustered with other meanings around the feelings of employees. In addition to definitions of EE, intuitive sense that employees and leaders in any organization have about work motivation must be included. What is common to all the definitions is the notion that EE is a desirable characteristic; it has an organizational purpose, including involvement, passion, energy, focused effort, and enthusiasm for the work. Included in the definition are both attitudinal and behavioural components. According to the literature, engaging employees affects their motivation and identity, and gives a sense of meaning and purpose to the organization. There are three different approaches to engaging employees, involving them and giving a sense of belonging; by involving them on CSR initiatives. There three approaches are: transactional approach where programmes are undertaken to meet the needs of employees through CSR; the relational approach which is based on a psychological contract that emphasizes social responsibility and; the developmental approach which aims to activate social responsibility in a company by developing employees to be responsible citizens. CSR initiatives have the potential to develop a favourable attitude in employees about their jobs and their organizations (De Roeck and Delobbe, 2012).



## **2.3 Antecedents of Employee Engagement**

A basic definition of EE can be found in scholarly and practitioner journals. Theoretically and empirical research is limited (Robbins, Judge, Odendaal, and Roodt, 2009). Even though the topic is popular, limited academic research results in EE being an unclear concept. This is worsened by the scattered definitions and different measures that often sound as if they mean the same thing when they do not, for instance with other established subject constructs, such as organizational commitment and organizational citizenship (Ali, et al., 2010). Models of engagement come from the literature that describes job engagement (JE) as the positive result of EE. Job characteristics add psychological meaningfulness to the sense of return on investments of one's performance in the role of employee (Woo, Sims, Rupp and Gibbons, 2008). Psychological meaningfulness allows the employee to make important contributions. OE is the perceived organizational and supervisor support that can result in the employee's psychological safety (Albrecht, 2012). The first study carried out by Saks (2006) to examine both JE and organizational engagement (OE) identified potential antecedents that may predict EE. Piccolo and Colquitt (2006) proposes that an individual's perceptions stem from five basic sources of information: technology, organizational structure, co-workers, job characteristics and, more relevant to this study, an individual's immediate supervisor. As mentioned in Figure 2.1 below, antecedents take meaning from things that existed previously.

According to Saks (2006), EE takes meaning from the five antecedents on the diagram, there are two dimensions of EE and consequences of EE.



**Figure 2.1: A model of the antecedents and consequences of employee engagement**

Adapted from Saks (2006). Antecedents and consequences of employee engagement.

### 2.3.1 Job Characteristics

Commitment would be made easier by the individual motivation of each employee (Khan, Razi, Ali and Asghar, 2011). Job characteristics include a wide range of demands and resources, which if they strain the employee, result in poor motivation. An employee might end up feeling overloaded with work and emotional demands, resulting in poor performance which leads to disengagement. Employee mental exhaustion may later lead to a state of physical exhaustion. Therefore employees must be engaged in jobs that have favourable characteristics (Bakker and Demerouti, 2007). There are five central parts to job dimensions for a model of task design, which were developed by Hackman and Oldham in 1976 refined in 1980 and in 2000: task variety, task identity, task significance, autonomy and feedback. More often, jobs that have these dimensions are enriched by high motivation. Among these are high internal motivation, high quality of work performance, high satisfaction with the work, and low levels of absenteeism and turnover (Hackman and Oldham,

1980, 2000). Griffin (1991) examines the relationship between task design and job satisfaction (Whittington and Galpin, 2010). Most of the available research on job characteristics relate to burn out rather than engagement. However, it is true that an employee is less likely to be engaged in situations that are less ideal. According to Wildermuth and Pauken (2008) there has to be an internal locus of control, burn outs are more likely in anxious than average individuals, and those engaged are more likely to be extroverts.

### *2.3.2 Perceived Organizational Support*

Socially responsible organizations are often perceived as being supportive, to employees as well as to society. As a result, employees are more likely to be committed and satisfied in their jobs (Skudiene and Auraskeviciene, 2012). Potential employees pay more attention to organizations with CSR (Lis, 2012). Hansen, et al. (2011) suggests that CSR perceptions influence employee attitudes and behaviour, in that if they perceive that they are being supported by the organization, they will have positive attitudes towards their jobs.

### *2.3.3 Perceived Supervisor Support*

As a supervisor's role is that of a leader. Piccolo and Colquitt (2006) is of the opinion that employees rely on informational cues from their social contexts when they assess their work environments. Leadership is the central characteristic in a work context, and the information distributed by supervisors guides the employees to make judgments about their jobs. CSR initiatives help to build relationships within organizations when employees have a high level of trust in their leader and the level of engagement increases (Whittington and Galpin, 2010). Leaders need to understand the role they play in organizations at all times. They must be educated regarding the importance and benefits of engagement, see their role as inspiring engagement, and adopt leadership styles most likely to enhance engagement (Wildermuth and Pauken, 2008).

#### *2.3.4 Reward and Recognition*

Recent research on employee motivation, shows that employees see their engagement in CSR initiatives as rewarding (Skudiene and Auraskeviciene, 2012). The theory of job characteristics is enhanced by core features associated with high levels of internal motivation described as a self-perpetuating cycle of positive work motivation driven by self-generated rewards for good work (Piccolo and Jason, 2006).

#### *2.3.5 Procedural Justice*

CSR strategies assist organizations to comply with the rules of corporate conduct, such as legitimacy, governance, equity, environment, employment and public or private sector relationships (Shahin and Zairi, 2007). Employees judge employers on their social concerns embedded in an organization's actions (Holland, 2011). CSR initiatives assist organizations to develop a positive ethical image and identity. Organizational citizenship behaviour (OCB) theories contend that justice of normative treatment in the CSR context suggests that if employees perceive that their employer behaves in an obviously socially irresponsible manner, it is more likely that they will have a negative work attitude (Hansen, Dunford, Boss, Boss and Angermeier, 2011). Among the antecedents described on this chapter job characteristics, perceived organizational support, perceived supervisor support, reward and recognition, as well procedural justice, were found to impact positively employees' willingness to work for the company and be productive. A favourable working environment is one where employees are not only supplied with tools to perform their duties, but are also supported by their supervisors and the organization by recognizing their efforts and rewarding them fairly. Employees are attracted to organizations who invest in ethics.

## **2.4 Consequences of Employee Engagement**

### **2.4.1 Job Satisfaction**

Employees' job satisfaction is defined by Robbins, Judge, Odendaal and Roodt (2009) as a positive feeling about one's job, resulting from an evaluation of the job characteristics, broadly defined by Walsh and Sulkowski (2010); O'Leary, Wharton and Quinlan (2009) as the emotional pleasure achieved from one's job. Job satisfaction is generally conceived as an attitudinal variable that reflects the degree to which people like their jobs. It is positively related to employee health and job performance. A connection has been tested between the ethical environment and employee satisfaction. Antecedents in Figure 2.1 predict that job and organization engagement (Saks, 2006) are positively related to job satisfaction and organizational commitment with the additional benefits of such, and subsequently result in lower employee turnover. If employees perceive an employer as being less than their satisfaction level, they may well begin to treat company customers in the same way. Without stimulation in the workplace, employees will leave the organization, resulting in its being trapped in an endless cycle of recruiting and replacing the workforce, rather than strengthening it. It would be much wiser and more cost-effective to engage employees by keeping them in the loop, 'sharing the bigger picture' and accordingly increasing their job satisfaction levels (Hellowell, 2012). Job satisfaction cannot be fully demarcated because of its nature as an emotional response, and as such it can only be inferred (Khan, Razi, Ali and Asghar 2011).

### **2.4.2 Organisational Commitment and Intention to Resign**

Potential employees are looking for challenging jobs that will be meaningful to them, whereas employers are looking for hard workers who will work with the organization's team to reach objectives. This win-win workforce situation is increasingly described as engagement. The EE is measured on its importance or its current state. There is a clear correlation between attraction, retention and engagement. Any effective business strategy should aim to attract and retain employees (Holland, 2011). Organizational commitment and contribution are as important as job satisfaction Brammer, Millington and Rayton (2005), Albdour and Altarawneh (2012) and Mirvis (2012) have found that an increase in the level of

corporate citizenship will lead to an increase in the levels of engagement of both employees and the organization as a whole. Employee's measure organizational engagement by the organizational support they receive in various forms, such as economic and socio-emotional, and they react in the form of gratitude. Involving employees in organizational strategies is a tool to retain and engage employees (Backhaus, 2002). Employee attitudes and behaviour partially depend on an organization's actual, perceived or advertised levels of engaging employees. Much research has linked involving employees in activities such as CSR with cognitive, emotional and behavioural reactions of stakeholders (Hansen, et al., 2011; Maignan and Ferrell, 2004 and Rego, Leal, and Pina e Cunha, 2011). People act out the way they feel and no amount of EE activity can change that. CSR, amongst other factors is a key stakeholder relationship-building activity (Sen, 2008).

#### *2.4.3 Organisational Citizenship Behaviour (OCB)*

Research on social exchange in organizations conducted by Sen (2008), has found further that cooperation between individuals and groups is high when organizational members view their identity at the level of the collective rather than the individual. Employees are motivated to cooperate with fellow employees when they accept that the company's objectives are aligned with their own, which results in the development of a strong relational bond with the company. Overall, when individuals develop a strong relationship with the company, they will be likely to engage other stakeholders in cooperative behaviour (Rego, Leal, and Pina e Cunha, 2011). Similarly, Saks (2006) has found that higher perceptions of procedural justice by employees will most likely be reciprocated with greater organizational engagement. Social exchange relationships are dependent on a number of contingency factors. These factors are manifested at either the organizational or the stakeholder level. Organizational-level contingency factors moderate the links between the level of perceived CSR activities and their benefits to the organization. OCB is defined as the "perceived link between the cause and the firm's product line, targeted market, market position and their brand image" (Bhattacharya, Korschun and Sen, 2008).

## 2.5 Employee Engagement (EE) Model Framework

As illustrated in Figure 2.2, EE is the ability to capture the hearts of employees and instil motivation.



**Figure 2.2: Employee Engagement Model Framework**

Source: Own compilation

The EE framework illustrates the importance of employees feeling valued, which results in engagement. According to Friedman (2009), businesses engage in responsibility practices in order to obtain the concrete business outcomes of increasing profits. A broad range of models and theories have created frameworks to understand the importance of maintaining EE and employee well-being (Iamandi, 2011). Given the limited research, little has been done to model and develop the EE concept. However, the research that has been conducted has provided models of EE. In 1990, Kahn interviewed employees on their engagement and moments of disengagement at work. The results demonstrated that psychological conditions associated with engagement or disengagement were: job meaningfulness, employee safety, and availability. Kahn concluded that employees were more engaged in situations that provided them with psychological meaningfulness and psychological safety (Saks, 2006). Companies engage employees for different reasons to gain competitive advantage (Walsh and Sulkowski, 2010). Studies on the financial front, show that there is a strong relationship between EE and an organisation's financial

performance. As a result, companies are taking various approaches to engage their employees through CSR (Mirvis, 2012).

According to (Mirvis, 2012) there are engagement drivers which provide a direction as to how employers can improve employee engagement. These are shown in the figure below.



**Figure 2.3: Ten Engagement Drivers**

Adapted from Mirvis, 2012, there are multiple drivers that can improve organization's employment engagement strategies.

### ***2.5.1 Three Approaches Employers can use to Engage Employees***

#### ***2.5.1.1 Transactional Approach***

A transactional approach is one which programmes are undertaken to meet the needs and interests of those employees who wish to take part in the socially responsible efforts of a company. This approach focuses on organizational support and leader-member exchange because an employee who sees the employer as supportive is likely to return the gesture (Cropanzano and Mitchell, 2005). This approach is concerned with the functions and interactions of all parties involved, the main aim is to reach the goals of the organization, through effective management



and teamwork. Usually this approach is for a short-term situation (Osman, Hemmington and Bowie, 2009).

#### *2.5.1.2 Relational Approach*

In a relational approach an organization and its employees together make a commitment to social responsibility (Cropanzano and Mitchell, 2005). According to Jones and Bartlett (2009) this approach maintains mutually beneficial relationships between organizations and the public, including employees, and success or failure depends on all these parties. The relational approach involves organizations support of commitment. Organizational commitment is a widely researched and extremely promising relational construct. Research has shown that commitment predicts a wide range of workplace outcomes. Given these considerations, social exchange theorists have proposed that employees are likely to exchange their commitment for the employer's. This is a widely examined antecedent and is a consistently strong predictor of commitment (Cropanzano and Mitchell, 2005). Commitment results in social exchange relationships in which employers take care of employees, thereby engendering beneficial consequences. In other words, the social exchange relationship is a mediator or intervening variable, comprising advantageous and fair transactions between strong relationships that produce effective work behaviour and positive employee attitudes (Mitchell, 2005 ). A relational approach focuses on attracting, maintaining and enhancing relationships in multi-service organizations. This approach presents concepts that develop rapidly within the organization as well as in the economy (Osman, Hemmington and Bowie, 2009).

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#### *2.5.1.3 Developmental Approach*

A developmental approach is one which a company aims to activate and develop its employees, the firm, and society more fully (Mirvis, 2012). This route to EE is often overlooked. Although CSR is seen as a community effort, a positive perception of an organization's social responsibility can actually have a greater impact on the organization's own employees than on the outside world. Whether it is simply volunteering to help coach a neighbourhood baseball team, or serving on the board of a community-based NGO or donating old clothes to the survivors of a natural

disaster, people have a long history of helping others. Therefore it does not come as a surprise that people are attracted to companies that are responsible citizens in their communities. Employers' commitment to CSR is critical. Companies that enhance their reputations through CSR perform better and generate greater employee loyalty from workers (Fall, 2007). Some of the elements within the CSR framework are adaptation of products and manufacturing processes to address social values, such as valuing HR which involves personal development training and occupational health and safety programmes, improving environmental performance through emission reductions and re-cycling or just supporting community organizations. The role of CSR is subject to on-going discourse and development, while other theories focus on economic returns or ethics (Jones and Bartlett, 2009).

## **2.6 Organizational Benefits of Employee Engagement**

Over the past decade, a growing number of companies have realised the business benefits of CSR practices. Their experiences are bolstered by a growing body of empirical studies which demonstrate that CSR has a positive impact on economic performance and is not harmful to shareholder value (Schiebel and Pöchtrager, 2003). Today, organizations face increasing pressure from researchers and local communities to engage in CSR initiatives. Some organizations, however, are reluctant to introduce CSR into their business strategies as they do not see it as an investment but as a cost. Research conducted by Lis (2012) supports the idea that organizational citizenship produces a number of benefits. Her argument is that the organization's relationship with stakeholders is based on trust and cooperation. This may well add a competitive advantage. In turn, this implies that it is worthwhile to be honest, trustworthy and ethical. CSR may well be considered as a successful form of strategic investment.

## **2.7 Employee Motivation and Commitment**

Employee motivation is related to organizational commitment. Motivation is defined as the result of the interaction between an individual and a situation in an organization. Organizational commitment is defined as a state in which an employee identifies with a particular organization. Job commitment on the other hand, is where

the individual and organizational goals combine (Alshbiel, 2011). Drawing from earlier commitment studies conducted by Brammer, Millington and Rayton (2005); Mirvis (2012) and Bhattacharya, Korschun and Sen (2008) commitment is defined as “a force that binds an individual to a course of action that is of relevance to a particular target”. The three-component commitment model is one of the most widely used conceptualizations of organizational commitment in both business and academia (Macey and Schneider, 2008). Employers aim not only at employing talented people, but at keeping them motivated, engaged and productive. CSR initiatives that involve employees yield positive results for organizations, such as satisfaction and motivation.

### *2.7.1 The Three Components of Commitment*

John Meyer and Natalie Allen developed their Three Component Model of commitment (Meyer, et al., 2002). The model explains emotional commitment to an organization as a psychological state that has three distinct components that affect how employees feel about the organization they work for. The Three components are as follows;

1. Affection for your job (affective commitment)
2. Fear of loss (continuance commitment)
3. Sense of obligation to stay (normative commitment)

#### *2.7.1.1 Affective Commitment*

Affection for a job is when an employee feels emotionally attached to an organization they work for and the job they do. Employees with emotional affection are most likely to identify with organizational goals and values. The emotional connection results to satisfaction and feeling good about one's job.

### *2.7.1.2 Continuance Commitment*

This type of commitment occurs when an employee weighs the pros and cons of leaving the organization, as a result they feel the need to stay in the company as the loss they would experience should they leave the organization is greater than the benefit they might gain by staying. The loss might not be monetary, but can be professional loss, role loss or social loss. The severity of the losses often increase with the age and experience.

### *2.7.1.3 Normative Commitment*

Normative commitment occurs when an employee feels the sense of obligation even if they are unhappy with their role in an organization. An employee feels the need to stay in an organization because it's the right thing to do. The sense of obligation stem from different factors. An employee might feel obligated to stay because the organization has invested money and time on their training or the organization provided a reward in advance such as paying tuition fees.

Researchers who have conducted analyses to assess the relationship between three components have found that the three components are closely related yet unique from one another. Finkel and Rusbult (2002) suggest that commitment is a fundamental property of any relationship and propose that strong commitment promotes positive mental events and motives. As is maintained in that paper, the definitions of the three components points to employee loyalty in an organization, which is defined as the willingness to invest personal effort as a member of an organization and for the sake of the organization (Phinney and Ong, 2007). There are researchers who disagree, however, on how affective commitment relates to employee outcomes. The argument is that this can result in a negative impact on employee well-being and work stressors, and suggests that committed employees may experience more negative reactions to such stressors than those who are less committed (Meyer, et al., 2002). Affective commitment is defined as an employee's emotional attachment to the organisation (Robbins, et al., 2009). The attachment becomes the effective state, which becomes a facet of EE (Macey and Schneider, 2008).

Continuance commitment is the economic value that the employee perceives as gaining when remaining with the company rather than leaving it. This state of EE additionally refers to the investment of the self in a person's work outcomes (Macey and Schneider, 2008). Continuance may sometimes be seen as a selfish reason to commit as an employee, but an identity derived from a sense of being in a group or culture , secures motivation and commitment (Phinney and Ong, 2007). According to research conducted by Meyer, et al. (2002), normative commitment is seen as associated with desirable outcomes. Normative commitment is defined as an obligation to remain with an organization for moral and/or ethical reasons (Robbins, et al., 2009). Normative commitment is less likely than effective commitment to result in positive business outcomes. Speculations are that this commitment component has resulted in decreased prevalence of the lifetime employment contract (Nanderam, 2010).

The effective delivery of CSR and environmental responsibility initiatives depend on employee responsiveness. In order for employees to deliver on CSR requirements, they must be motivated and committed to facing the challenges and attaining the goals of responsible corporate behaviour (Collierand and Estebann, 2007). According to Robbins, Judge, Odendaal and Roodt (2009), motivation comes first, then commitment reinforces and embeds it. Individuals base their behaviour, not on the way their external environment actually is, but on what they see or believe it to be. There is extensive organizational literature that focuses on motivation, and an equally extensive body of research on commitment in organizational settings. Although the concepts are related, the literature has developed independently. Although commitment is discussed by motivation researchers and motivation by commitment researchers, neither concept is dealt with at the level of complexity that is within its own domain (Collierand and Estebann, 2007). Studies suggest that CSR increases the employee commitment level within an organization, as it also includes activities for the welfare of employees and their families (Ali, et al., 2010). CSR activities undertaken by companies positively affect employee turnover, recruitment, satisfaction, retention, loyalty and commitment (Skudiene and Auruskeviciene, 2012).

## **2.8 The Link between Human Resources Management and Corporate Social Responsibility**

Human Resources Management (HRM) plays a critical role in achieving EE, as the implementation of CSR practices is highly dependent on employee reciprocation and collaboration. The critical role of HRM is to improve the value of a responsive relationship between the organisation and its employees. Organisations must select and recruit employees with certain moral principles, develop appraisal systems which would enhance employee social performance, reward employees for the value they bring to the organisation, and provide them with respective training and development. Thus, EE in CSR activities is required for developing their positive attitudinal and behavioural characteristics (Buciuniene and Kazlauskaite, 2012). HRM has an important role in embedding CSR values into corporate culture. An organization can exhibit a better image in the minds of people by presenting itself as an excellent employer who cares for its people, and involves them in the ambit of social responsibility. This involvement of employees indicates the strategic importance of HRM in CSR initiatives of an organization (Backhaus, Stone and Heiner , 2002). One of the examples of the development of sustainable CSR practices in the form of HRM is British Gas. This company uses employee volunteering as a vehicle to achieve a business-driven culture. The success of the initiative led to the development of Cardiff Cares' volunteering initiative, with the purpose of encouraging employees to raise funds and donate some of their time to the local community. The managing director and the HR team's strong commitment enabled the initiative to be a great success, improving employee retention levels and employee satisfaction (Sharma, Sharma and Devi, 2009). Old Mutual has a comprehensive staff volunteerism programme, catering for every conceivable need of its community, so as to make a difference in their local communities. Over 35% of employees are actively engaged in one form or another of volunteerism. Volunteering programmes are designed to involve and integrate the company, employees, and the local communities in which they do business (Old Mutual, 2011).

### *2.8.1 Old Mutual's Corporate Social Responsibility Programmes*

Old Mutual has a staff community builder programme, where they provide up to R20 000.00 to the organizations and employees volunteer their time to build houses and perform other handy-man duties that are related to building. They encourage employees to volunteer their time. They encourage all staff members to take a day's "social responsibility leave" and become actively involved in supporting community projects, such as painting children's homes, planting vegetable gardens, cleaning rivers, recycling projects, building low-cost houses, spending time with HIV-positive babies and caring for animals in distress. Employees participate in these activities at least once a month. Another Old Mutual programme encourages employees to make voluntary donations from salary to organizations which specialize in the care of HIV orphans, the care of the elderly and the terminally ill, and which help animals in distress (Old Mutual, 2011).

### *2.8.2 Sustainable HRM*

Sustainable HRM takes the view that employees are far from a cost, but are in fact a special value-adding component of business operations. Companies can only succeed in the long term if they recruit and motivate highly skilled people who are able to respond to and shape the challenges of the future. The importance of CSR in EE has resulted in some studies being focused on the influence of CSR on organizational attractiveness for prospective employees (Friedman, 2009 and Buciuniene and Kazlauskaite, 2012). The first empirical study to investigate the link between CSR and organizational attractiveness of employers was conducted in 1997 (Lis, 2012). The findings reported a positive relationship between CSR and employer attractiveness. Applicants with more employment opportunities were interested in organization's CSR initiatives and applicants with lesser opportunities were least interested (Lis, 2012).

## **2.9 Corporate Social Responsibility**

CSR is considered as organization's voluntary behaviour that contributes to the welfare of society (Vishnubhai, 2012). Albdour & Altarawneh (2012) defines it as the decisions and actions of businessmen taken at least partially for reasons beyond the

firm's direct economic or technical interest. Corporations have realized the benefits of paying great attention to incorporating and assigning substantial resources for the welfare of the communities within the organization strategies (Ali, et al., 2010). Brammer, Millington and Rayton (2005) divides an organization's CSR commitment into three aspects: external CSR; procedural justice and; training. External CSR includes philanthropy, and the reflection of how the organization interacts with the physical environment and external stakeholders (Hurtado and Agudelo, 2013). When an organization allocates resources fairly, ethically and within moral values between the business and the society it is known as procedural justice (Maon, Lindgreen and Swaen, 2010). CSR may be used for a variety of reasons and strengthens the reputation of the company in the eyes of its stakeholders. It may grow appropriate skills or open up strategic opportunities such as new markets, including contributing to the development agenda, while supporting the business strategic goals. That is where advocacy comes into the picture and plays the most powerful role in organizational development. The word "advocacy" is derived from advocate, or "a person who pleads for another", a "professional pleader in the court of justice". The dictionary meaning is "support for a cause" (Unerman and O'Dwyer, 2006). The main problem in organizations regarding CSR initiatives is not with the shortage of funding for advocacy in businesses, but with leadership and strategies that are essential for organizational support. Corporations aim for economic benefits and they do not believe they can get this through advocacy. Non-profit organizations (NPOs) see advocacy as a function separate from those within an organization. Organizations who believe in advocacy also believe that it must be integral to the business, with everyone from the lady who makes tea to the Chief Executive Officer (CEO), all playing their part; it is here that training forms part of CSR (Trialogue, 2012).

## **2.10 Corporate Social Responsibility Theories**

Corporate Social Responsibility (CSR) practices have grown in a relatively short space of time. Views of CSR have changed as to why organizations engage in this practice, especially since it represents a cost without opportunity for direct gain. Scholars have framed the drivers of corporate decisions surrounding CSR in different ways. There are no simple and straight-forward stories, laws or norms that shape the practice. Organizations are pressured by the surrounding issues of labour,



organizations to seek legitimacy with the local communities through investing in CSR activities such as donations and setting up of foundations and so on. There is a theory that focuses on the availability of the resources where the CSR practices are dependent on resources. Some organizations practise CSR as “doing good” investment. As demonstrated below on Figure 2.4 , CSR may be conceptualized through Institutional Theory (IT), Resource Dependency Theory (RDT) and Managerial Interpretation (Business Case).



**Figure 2.4: Employee Engagement Model Framework**

Source: Own compilation

### ***2.10.1 Institutional Theory***

This theory suggests that organizations go beyond investing in CSR voluntarily. Specific institutes face institutional pressures as CSR is seen as tightly linked to formal institution’s stakeholder participation. The tensions between business-driven and multi-stakeholder forms of CSR extend to the transnational level. This has created confusion about the form and meaning of CSR. Research and practice of CSR thus rest the contradiction between voluntary engagement and binding responsibilities. Institutional theory seems to be a promising avenue to explore how the boundaries between business and society are constructed in different ways, and improve stakeholder relationship. This model responds to social and political issues where management respond and strategize by adapting to external pressures. Institutional constraints appear to limit managerial discretion over corporate social responses. The new contingency theory is proposed for corporate social performance (Greening and Gray, 1994).

Most of the literature treats social elements as a set of external requirements while CSR definitions include mandatory responsibilities such as legal compliance, or even make reference to social expectations. Vogel (2006) describes CSR as practices that improve work environment and benefit the society in ways that go beyond the company's legal requirements. The argument that organizations engage in CSR initiatives to increase firm's performance seems patently unable to explain why businesses engage or disengage in socially desirable outcomes. Institutional theory suggests that engaging in CSR places an organization within a wider field of economic governance which is characterised by different modes market, state regulation and beyond while CSR measures are often aimed at or utilize markets as a tool for fair trade and eco-branding (Brammer, Jackson & Matten, 2012).

### *2.10.2 Resource Dependence Theory*

Resource Dependence Theory (RDT) is the study of how external resources affect behaviour of an organization. The procurement of resources is an important part of strategic and tactical management of any company. RDT theory was formalized in the 1970s (Pfeffer & Salancik, 1978). RDT has implications regarding the optimal divisional structure of organizations, recruitment of board members and employees, production strategies, contract structure, external organizational links, and many other aspects of organizational strategy (Pfeffer & Salancik, 1978). RDT characterizes the organization as an open system that can be used to influence external factors such as; reduction of environmental uncertainty and competition (Hillman, Withers and Collins, 2009).

RDT can be summarized as follows:

- Organizations depend on resources.
- Resources ultimately originate from an organization's environment.
- The environment is important to a considerable extent as there are other organizations within the environment.
- Resources needed by one organization are thus often in the hands of other organizations.

- Resources are a basis of power.
- Legally independent organizations can therefore depend on each other.
- Power and resource dependence are directly linked: Organization A's power over organization B is equal to organization B's dependence on organization A's resources.
- Power is thus relational, situational and potentially mutual.

Organizations depend on several resources such as labour, capital, and raw material. It might not be possible for organizations to have all these resources available all the time, therefore organizations use the principle of scarcity and the principle of criticality. Critical resources are those resources an organization cannot function without, therefore they must adopt countervailing strategies, might even have to associate with more suppliers to ensure the availability of those resources. RDT is one of many theories of organizational studies that characterize organizational behaviour but do not explain organizations' performance. Its predictions concern transaction cost economics, but it also shares some aspects with institutional theory (Hillman, Withers and Collins, 2009; Davis & Cobb, 2009 and Drees and Heugens, 2013).

### *2.10.3 Managerial Interpretation (Business Case)*

Business Management (BM) scholars have been searching the business case for CSR since the origin of the concept in the 1960s (Carroll and Shabana, 2010). Friedman (2009) believed that corporations should pursue only their shareholders' economic interests and those who have business relations involving a variety of stakeholders (employees, suppliers, customers, and the community where the business operates). When CSR came about, there were concerns about its undesirable effects on society. The subject of investing in the society has also been in the minds of early thinkers but there was a gap of time and resources. This is when the business case for CSR came to justify the allocation of business resources to advance a socially responsible cause. The business case is concerned with the tangible benefits that organizations will reap from engaging in CSR initiatives.

Business case provides practical examples of CSR initiatives that are good for business and its bottom line (Carroll and Shabana, 2010).

There is no single rationalization on how CSR improves the bottom line no single CSR business case. The researchers developed arguments over the years, on approach, topics and assumptions on how value is created and defined through CSR. According to these categories, CSR is a viable business choice, can be used a tool to manage costs, reduce risk, gain competitive advantage, develop corporate brand image, reputation and legitimacy and seek strategies through synergistic value creation. Widely accepted approaches substantiating the business case include the focus on the link between CSR and corporate performance. The guardians of the organizations are the executives who bear not only the financial well-being, but the responsibility for the impact of CSR on the bottom line. At different organizational levels executives need to justify that CSR is consistent with the firm's strategies and that it is financially sustainable. However, other stakeholders are concerned with the financial performance and possible risks. Society, on the other hand has an interest in seeing the business sustaining social initiatives. Governmental bodies have an interest; they desire to see business deliver cost-effective social and environmental benefits through regulatory approaches. Consumers care as well, as they want to pass on a better world to their children, and many want their purchasing to reflect their values.

#### *2.10.3.1 The Business Case in Practice*

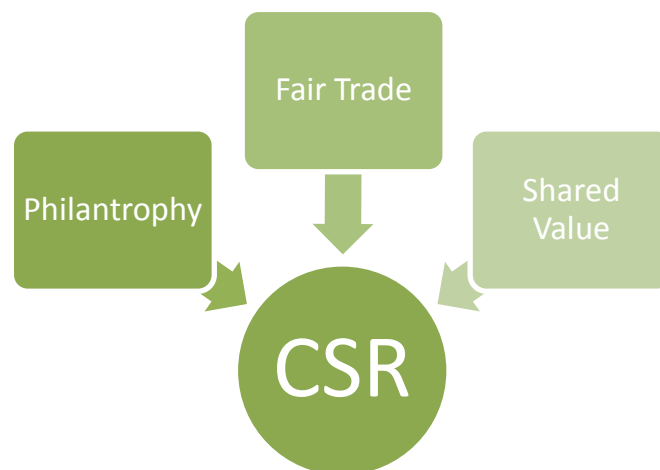
The following CSR initiatives offer practical example of the business value generated by the allocation of resources in socially responsible pursuits.

- Reducing costs and risks by creating equal employment opportunity (EEO) policies and practices, introducing environmentally sound and energy saving practices and community relations management.
- Gaining competitive advantage by following EEO policies, customer relations programmes and corporate philanthropy.
- Developing reputation and legitimacy through corporate philanthropy, corporate disclosure and transparency practices.

- Seeking win-win outcomes through synergistic value creation, charitable giving to education and stakeholder engagement (Carroll and Shabana, 2010).

## 2.11 Corporate Social Responsibility Models

Organizations are involving themselves in socially responsible investments by adopting strategic objectives that comply with rules and regulations, eco-efficiency, sustainability. Stakeholders are involved in the selection of key indicators, monitoring and reporting (Pivo, 2009). Figure 2.5 illustrates CSR models that different organizations adopt.



**Figure 2.5: CSR Models**

Source: Own compilation

### 2.11.1 Corporate Philanthropy Model

Shahin and Zairi (2007) defined philanthropic responsibility as an interest in doing good for society, regardless of its impact on the giver's "bottom line", whether described as humanitarian, philanthropic, CSR or giving time and money voluntarily (Shahin and Zairi, 2007). Corporate philanthropy's focus is motivated by the giving strategy, also defined by the practice of good citizenship. Campbell (2007) indicates that corporate philanthropy is partially driven by virtue of ethics (Hurtado and Agudelo, 2013). The known common approaches include monetary donations and aid given to local communities or to NPOs. Some organizations do not believe that the philanthropy-based approach builds the skills of local populations, but however,

they would like to commit to community-based development that is believed to lead to more sustainable development (Valor, 2007). Some corporations believe that they are applying CSR as they would any other business expense, however, although there are others who believe that CSR supports charity at the shareholder's expense. Businesses continue to donate to "good causes", and they believe that CSR improves their corporate image. Responsible firms will act ethically, as stated by Blagov and Petrova-Savchenko (2012). They abide by the law, respect the environment and include CSR in their strategic choices. However, it is the stakeholder's decision to adopt CSR and management in firms cannot decide entirely on their own (Carlson and O'Cass, 2010).

### *2.11.2 CSR Fair-trade Model*

This approach incorporates CSR directly into the business strategy. It fits both corporate and community commitment in one goal. This model brings solutions to environmental problems and corporate costs in dealing with society (Nijhof and Jeurissen, 2010). The indirect benefits from CSR initiatives include intangible assets, such as brand loyalty, improved supply chain integration, and reduction in risks (Mirvis, 2012). The interpretation of the message, and self-interested arguments when it comes to CSR, is that organizations who continue to do good will also do well (Lis, 2012). CSR is associated with good corporate governance, commitment to abide by regulations, for example, health and safety, human rights, and corporate laws (Maon, Lindgreen and Swaen, 2010). Below are the key positive results from practising CSR in the form of the business fair-trading approach.

**Table 2.1: CSR Positive Results**

Positive effects	Employee motivation , recruitment and retention
Cost Savings	On human capital, production,
Revenue	Increased revenue and market share
Risks	Risk reduction and risk management

Adapted from: Nijhof, 2010

Integration of social concerns into business strategy can result in a competitive advantage (Kim, Kwak and Koo, 2010). Developing appropriate strategies boosts an economic competitive advantage as a whole (Galbreath, 2009). Competitive advantage creates economic wealth in consistent sustainable development (Iamandi, 2011).

### *2.11.3 Creating Shared Value Model*

Organizational leaders make the most difficult choices to ensure that limited resources are allocated accordingly (Pirnea, Olaru and Moisa, 2011). To make effective trade-offs the whole organization needs clear direction as to what they wish to achieve and the way in which this is to be tackled. CSR involves the assessment of the impact on the organization economically, socially, and environmentally. Steps must be taken to improve the benefits in line with stakeholder requirements (Raynor, 2009). Corporate governance reflects the ways in which companies address their legal responsibilities, so as to provide a foundation for CSR and corporate sustainability practices that will enhance overall responsible business operations (Hough, Strickland and Gamble, 2011). A widely held belief is that CSR is the best metric for any business to maximise shareholder-wealth (De Roeck and Delobbe, 2012). Shareholder wealth is measured on present value terms, based on future expectations and discounted by appropriate interest rates and then strikes a balance between the two. When stakeholders come first, Creating Shared Value (CSV) is a clear goal. Perhaps the most persuasive argument for shareholder primacy is that CSV is a single valued function, or at least it appears to be so (Iamandi, 2011). CSV as an objective helps to clarify complex decision-making processes. CSV means that different stakeholders at difference levels must be seen as equally valued in the business. It emphasises common CSR objectives on which the business wishes to focus, that will add value to the shared vision (Rettab, Brik and Mellahi, 2009).

## **2.12 Corporate Social Responsibility Stakeholder Theory**

Research by Rayton (2005) suggests that employees and society attach significant and increasingly important values to socially responsible behaviour in organizations. Many studies, including Vishnubhai (2012), Mirvis (2012), Lis (2012) and Pirnea, Olaru and Moisa (2011), indicate that CSR plays an important role in enhancing how

employees feel towards organizations. CSR can therefore be used as an effective tool when recruiting new employees, as potential employees who are looking for jobs prefer organisations who invest in societies in the form of CSR. According to the stakeholder theory, the existence of any organization depends on its ability to integrate stakeholders' expectations into their business strategy because it is the stakeholders that provide essential resources and returns for an organization's successful functioning and survival (Maon, Lindgreen and Swaen, 2010). As broad as the term "stakeholder" is, it has been defined as meaning all those individuals and groups with a "critical eye" on corporate actions and the groups and individuals who can affect or be affected by, the achievement of an organization's mission (O'Riordan and Fairbrass, 2006). A stakeholder-orientated conceptualization of CSR relies on the definition of CSR initiatives as "a discretionary allocation of corporate resources towards improving social welfare that serve as a means of enhancing relationships with key stakeholders (De Roeck and Nathalie Delobbe, 2012). CSR serves as a company's consideration of multiple stakeholders beyond the simple goal of maximising returns (Smith, 2007). Gallego-Alvarez, Prado-Lorenzo and Garcia-Sa'nchez (2011) argues that companies benefit from undertaking CSR activities, because there are stakeholders who would withdraw their interest in the absence of CSR practices. CSR is inherently based on the "social contract", the relationship between business and society. Particularly in the field of social and ethics, social contracts are being changed to reflect society's expectation of business Kim, Kwak and Koo (2010). The social orientation of a company may be assessed by the importance of social components such as ethics and philanthropy, meaning that social responsibility begins where legal responsibility ends (Podnar and Golob, 2007).

### **2.13 Corporate Social Responsibility Challenges**

CSR management has become more challenging, especially given the scenario where there is no definitive consensus of what CSR means (Katamba, et al., 2012). The findings on the research conducted by Katamba, et al. (2012) show that when there is balanced engagement in CSR for business managers, managers are largely motivated towards CSR by external factors, such as attracting or retaining customers and enhancing operational efficiencies to achieve competitive advantage, rather than



internal factors such as CSR policies, employee welfare, and CSR reporting. Another significant finding is that the responsibility of initiating CSR activities, including their administration and monitoring, is largely vested in middle-level managers. These are challenges that threaten CSR implementation amongst managers. The challenges are posed by diminishing and scarce resources driven by market forces and uneven global developments. This calls for leadership to take organisations forward in a socially conscious manner; to make decisions, not only for tangible, financial and short-term gains, but also in intangible or non-financial issues involving sustainable growth (Kakabadse, Kakabadse and Lee-Davies, 2009).

### *2.13.1 Leadership Challenges*

Organizations' reluctance to embrace sustainability through CSR reporting comes from the business leaders, in as much as they are aware of the business case for CSR sustainability and can recognize the link between CSR and bottom line but the reluctance also comes from linking social issues and environmental issues with corporate issues. The CSR path to effectiveness is not linear; it requires managers to be able to indicate the important aspects of CSR management, and initiating, implementing, and monitoring CSR projects (Singh, 2011). Investing in CSR projects can assist in monitoring and controlling internal mechanisms (Katamba et al., 2012). When leaders are empowered, the business fosters success. Employees are empowered, by means of greater responsibility and the decision-making authority of their leaders. They expect information feedback, motivation, encouragement and support from the leaders (van Schalkwyk, du Toit, Bothma and Rothmann, 2010). For good corporate governance, leadership in organizations must be made more responsible in order to meet the requirements of society. A good example is that of a manager and a transactional leader who are both comfortable in working with society. However, relationships between managers and transformational leaders are based on small or non-existent social distances. In organizations, managers work for transactional leaders but managers work with transformational leaders. In being task-orientated, the manager consolidates, but the transformational leader redefines and creates (Shahin and Zairi, 2007).

### *2.13.2 Financial Challenges*

Financial commitment to CSR is a key business-management decision (Katamba, et al., 2012). It involves the allocation of finances to a CSR programme, thus treating it as an investment from which returns such as reputation and competitive advantage are expected. This is one of the major challenges. Good management of CSR financial issues makes it sharper, smarter and more focused on what really matters. This is the business case for CSR challenge, that business managers want to make good financial decisions.

### *2.13.3 Social Challenges*

CSR is challenged in many situations especially in non-routine ones. Socially responsible initiatives are an effective strategic tool for controlling and minimising the danger of losing the company's good reputation among stakeholders (Assiouras, Ozgen and Skourtis, 2013). The strategic and the operational approach of a firm and the team level are today different from the historical approach to CSR, reflecting the changing expectations of society for the corporations. Therefore, the above challenge leads to fundamental rethinking about CSR in its understanding and in the integration of CSR into business strategy. There are increased concerns about integrating social issues and problems into business operations, notably, both decision-making processes and their outcomes. In this regard, design is required to play a role in providing the principle of social responsibility integrating the outcome of social performance with economic opportunities (Kim, Kwak and Koo, 2010).

### *2.13.4 Communication Challenges*

Communication of CSR is an important element of the strategic approach to communication, it is based on the idea that companies can create a strong identity, by implementing a systematic and proactive strategic communication practice in their organisations, paving the way for "the building and maintaining of favourable reputations and relationships with key stakeholders" (Katamba, et al., 2012). While CSR communication is frequently channelled through corporate advertising, websites and reports, external media coverage has greater credibility among consumers and the general public (Katamba et al., 2012), but effective

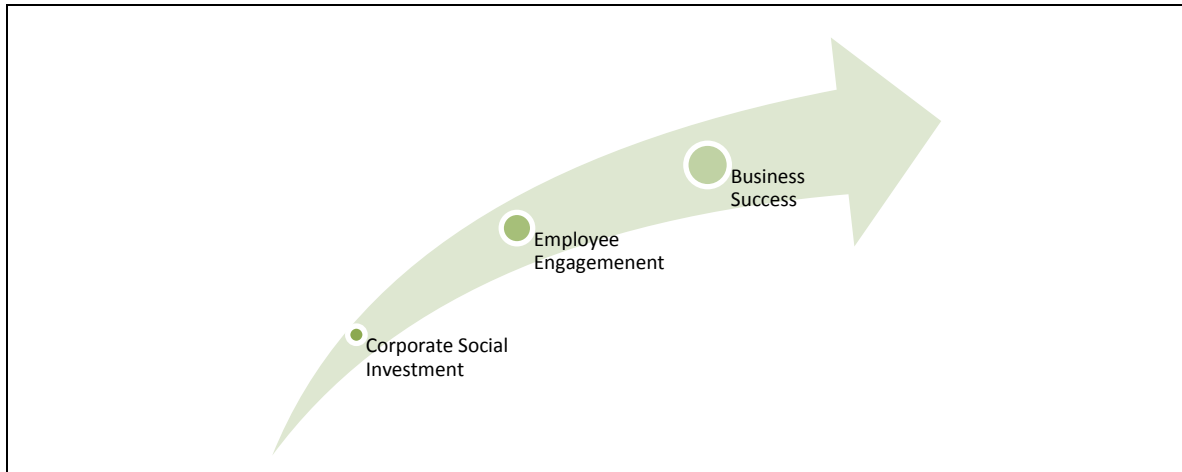
communication with employees about CSR initiatives is equally important (Jones and Bartlett, 2009). Additionally and somewhat ironically it is believed that it is important to strive and ensure that an organization's commitment to sustainability over time is across the peaks and valleys of the organization and economic cycle. In addition to understanding the above challenges, below are some of the many challenges for a responsible organization;

- Organizations still struggle to identify and establish best practices for sustainable sourcing.
- Understand how individuals make decisions about environmental and social issues.
- Attracting and retaining employees who are passionate to drive sustainability programmes.
- Identifying metrics that can accurately reflect organization's sustainability activities such as energy consumption, the level of concentration of carbon dioxide in earth's atmosphere (CO<sub>2</sub> output), and water usage.
- Understanding which government regulations and policies address sustainability issues e.g. policies on waste management and energy consumption.
- Incorporating sustainability into the financial business case – placing monetary value benefits on socially responsible businesses, such as strengthened brand name and increased customer loyalty.
- Determining the importance of sustainability – knowing which projects are material to both internal and external stakeholders and how they impact the organization.
- Identifying the organizational characteristics that affect a company's credibility on environmental or social responsibility initiatives (Canadian Business Sustainability Priorities, 2011).

## **2.14 Relationship between Employee Engagement (EE) and Corporate Social Responsibility (CSR)**

Both EE and CSR are widely discussed in the corporate world. While it is not difficult to appreciate the obvious link between the two, this study aims at drilling down to the connection (Holland, 2011). CSR is defined as an approach undertaken voluntarily by an organization to meet and exceed stakeholder expectations by integrating social, ethical, and environmental concerns together with the usual measures of revenue, profit, and legal obligations. On its part, EE is broadly defined as a heightened emotional connection that employees feel for their organization, that influences them to exert greater discretionary effort in their work. As a business management concept, EE suggests that engaged employees will behave in ways that promote the interests of an organization and affect business outcomes. Elements of EE include alignment of organizational and individual performance, pride and trust in the company, career advancement opportunities, relationships with fellow employees and management, and meaningfulness of work being performed.

There is an intense war for talent in the corporate world, and growing evidence that any organization's CSR activities are a legitimate and compelling way to attract and retain good talent. Chief Executive Officers (CEOs) of big organizations such as Delta Air Lines and SAP, have pledged and are deploying their employees to volunteer on various community projects. What is clear is that although organizations have worked out how to use CSR as part of EE efforts, they fall short of communicating their CSR intentions, initiatives and expectations to their employees and keep CSR decisions in the capable hands of the business leaders. This increases failure to understand which CSR activities would work best for the organization if groups of employees were excited by which type of CSR initiative. Such may lead to failure to capture CSR's considerable potential and to help them fight and win the war of talent management. When CSR initiatives are implemented properly, EE may be strengthened by making employees feel part of a larger corporate mission and vision, that the organization shares their values, and by helping them, will enhance their own social connections. The present study draws on recent studies that confirm that CSR can yield good and substantial returns for both employees and organizations, as illustrated in Figure 2.6.



**Figure 2.6: Relationship between EE and CSR**

Source: Own compilation

The connection displayed on the above diagram is that CSR drives EE, which in turn drives business success. Therefore it makes good business sense for organizations to invest in CSR. EE minimizes costs associated with employee disengagement. Low levels of engagement suggest that employees feel disconnected and unmotivated feel that they are showing up just to get paid. It is evident from the research that an engaged workforce reflects decreased absenteeism, low staff turnover, proper management of production costs, and productive employee behaviour. It is also indicated that EE increases customer satisfaction and loyalty, revenue growth, flexibility and productivity (Podnar and Golob, 2007). A well-designed and properly implemented CSR programme can bring a variety of business benefits while requiring significant commitment of resources. Leaders of an organization are responsible for setting overall goals and focusing on key issues, keeping the process targeted, focusing on policies and programmes that are specific to the goals and intentions, starting small on all initiatives until the momentum of success is realized, building upon past efforts and accomplishments, learning from past mistakes and challenges, finding out issues that matter to key stakeholders and focus on them, and including employees in the process from start to finish. Involving employees in the process enhances the effect of CSR initiatives on EE (Mirvis, 2012).

## **2.15 Corporate Social Responsibility in South Africa**

South African companies are required by Company's Act and The King Report to adhere to the importance of investing in social initiatives. King Report III defines CSR as "business decision making linked to ethical values, compliance with legal requirements, and respect for people". The Directors of organizations are required by the Company's Act to consider CSR in their decision making and the impacts of company's operation on the community and environment. The intention of corporate law area is to encourage companies to take an appropriate long-term perspective; develop productive relationships with employees and those in the supply chain; and to take seriously their ethical, social and environmental responsibilities (Institute of Director's in Southern Africa, 2009).

### **2.15.1 Eskom Socio-economic development**

Eskom complies to corporate governance standards of accountability, transparency and responsibility in the daily business; Eskom has a wholly owned non-profit, section 21 organization, namely, Eskom Development Foundation (Foundation) (Eskom, 2012). The Foundation focus on three activities; job creation, skills development and poverty alleviation. The Foundation supports social and economic projects, and it gives grants and donations to community based organisations, development agencies and organisations involved in philanthropic work for the development and benefit of the disadvantaged. Grants and donations are also made to small and medium-sized black enterprises. In the 2011 financial year, donations and grants made by the Eskom Foundation added up to R62.3m, which corresponds to 0.53% of pre-tax profit. With an annual corporate social investment of R62.3m, Eskom ranks among the top seven corporate grant makers in SA. Some 300 000 people benefit from Eskom's CSI programmes, a figure that includes people taking part in programmes that are co-sponsored by Eskom, together with other investors or public institutions. While a number of projects take place in regions in which Eskom is active with its business operations, others are geographically unrelated to Eskom's core business (Eskom Factor Report, 2011).

## **2.16 Conclusion**

This literature review reveals that EE and CSR work hand-in-hand to achieve organisational goals. Although the aggregations of scholarly work from economics to social impacts vary, the utility of CSR is still in transition in organisations. In the light of different stakeholders, all of whom have different motives, CSR and EE put together, can however help to align those motives with business objectives. Over and above the known positive impacts of CSR community investments and public relationships, research further links CSR with HRM, including the achievement of HR priorities, such as potential employees being attracted by CSR initiatives of the organization, and linking both CSR and EE with employee psychological behaviour. This study contributes to the research that links CSR and EE, the benefits of engaging employees and the consequences thereof. Key conclusions that can be drawn from this study are the potential HRM support strategies that can help to inflate EE levels. This builds on studies (Collier and Estebann, 2007; Buciuniene and Kazlauskaitė, 2012; Khan, Razi, Ali and Asghar, 2011) that focus on using the CSR applications strategically to address expectations of employees. The three dimensions of motivation collectively reflect employee expectations for professional development opportunities and elements of intrinsic rewards. Sufficiently important conclusions may be drawn from this literature, that CSR practices could predict EE through JE and OE.

## **CHAPTER THREE**

### **Research Methodology**

#### **3.1 Introduction**

The focus in this chapter is on a broad analysis of the research methodology used for this study. The main goal was to determine the correlation between two variables Corporate Social Responsibility (CSR) and Employee Engagement (EE). Questions on CSR were based on finding out if employees understand what this is, whether Eskom is involved in it and if so, which initiatives they are involved in. Two dimensions of EE were measured; Job Engagement (JE) and Organizational Engagement (OE). JE was measured to understand how job characteristics can have an effect on how each employee feels. OE was measured to understand how Eskom, as an organization, affects how respondents feel as people, if their supervisors support them, if they feel Eskom adds value in their lives and how its involvement in CSR initiatives can have an effect on them within the organization and outside in the broader community. OE measures employee reward programmes and procedural justice? If they feel they are rewarded fairly and if the organization's compliance with regulations impacts on their engagement. Data collected was measured once. In this descriptive study Eskom employees were selected as respondents. Data gathered was measured numerically, simplified and analysed for better understanding of all Eskom employee groups in South Africa (SA). In order to reach a large number of Eskom employees in different geographical areas, electronic questionnaires were distributed via email to collect data. This chapter provides details on study population, sampling, data collection and data analysis.

#### **3.2 Aim and Objectives**

The overall objectives of this study are:

- To examine corporate social responsibility initiatives in one company: Eskom Holdings State Owned Company Limited (Eskom);
- To examine employee engagement as a construct; To determine and measure the two components of EE: job engagement and organizational engagement in Eskom; and



- To assess the correlation between corporate social responsibility and employee engagement.

Because this study focuses on HRM, EE is an important issue. This study attempts to answer the following questions:

- Are employees aware of the external CSR initiatives of their company?
- Is there a relationship between CSR and EE?

### **3.3 Methodology Approach**

#### **3.3.1 Description and Purpose**

Sekaran and Bougie (2009) defines business research as an organized, systematic, data-based, critical, objective, scientific enquiry or investigation into a specific problem, undertaken to find answers or solutions. This research was conducted to provide necessary information that can be used as a guide for management. Data was gathered first hand, through structured questions that were sent online to Eskom employees. Methods used in the quantitative study describe how the objectives of the study will be achieved. Albdour & Altarawneh (2012) justifies using the quantitative method as it allows data collection without breaking the organization's confidentiality policies. This case study's objectives were to examine Eskom's CSR initiatives and to ascertain whether employees were aware of Eskom's social responsibilities. The intention was to quantify employees who are aware and those who are not. This study also examined EE as a construct, what EE means, how engaged employees can add value to a business, and how those who are not engaged can affect the organization negatively. The quantitative approach was used to quantify how CSR affected Eskom employees and to assess the impact, if any, on the problem being researched.

#### *3.3.1.1 Construction of the Instrument*

The data used in this research was obtained from Eskom, a state-owned company in SA. Data was collected by online questionnaires forwarded to Eskom employees, based on a population of 40 000. In compiling the instrument questions measuring CSR were taken from researchers such as (Albdour and Altarawneh, (2012) and questions on EE from Saks (2006). Questions included personal information, antecedents and consequences of EE. Academically, EE has been studied extensively, but as there is little known data on antecedents and consequences of job and organizational engagement these were considered in the construction of the questionnaire. To apply a carefully designed research project and data collection procedures, the case study protocol used included the following sections:

- overview of the project (project objectives and case-study issues);
- field procedures (credentials and access to sites); and
- specific questions that the investigator must keep in mind during data collection (Yin, 1999).

#### *3.3.1.2 Recruitment of Study Participants*

A census approach was applied for this research as every employee of Eskom was given a fair chance to participate. The participants in this study were all employees of Eskom making up population of 40 000 Eskom employees (Eskom, 2012). Case studies tend to focus on one or two issues that are fundamental to understanding the subject being examined. Since the unit of analysis is the critical factor, each response is as important as the next. Patterns and procedures similar to other research were applied to collect data from participants. Researchers such as Albdour & Altarawneh (2012) and Saks (2006) used quantitative methodology approach for their case studies. This has helped the researcher to understand responses from each participant to assess the impact CSR has on employees and enable the measurement of the cause-effect relationship.

### **3.4 Pre-testing and Validation**

This study has two variables: dependent and independent. Organizational commitment is independent and EE is dependent on organization's CSR commitments. Other variables were included in the research questionnaire, but the two main variables that were measured were CSR and EE. Reliability and validity of the questionnaire was tested by a statistician. The validity confirmed whether the questions or statements associated with a particular variable in the questionnaire were actually associated.

The test confirmed three dimensions for CSR questions:

- a) Q 2.1, 2.2, 2.3, 2.4, 2.5
- b) Q 2.6, 2.7, 2.8, 2.9
- c) Q2.10, 2.11, 2.12, 2.13, 2.14

and two dimensions for EE

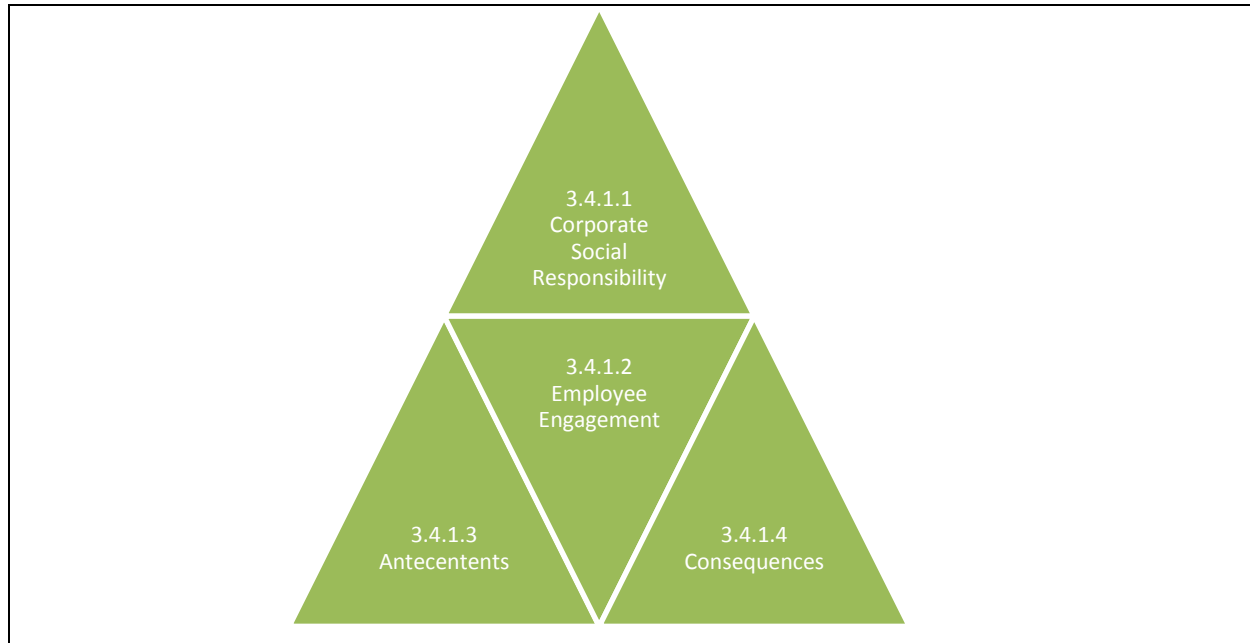
- a) Q3.1, 3.2, 3.3, 3.4, 4.1, 4.2, 4.3, 4.4
- b) Q4.4, 4.5, 5.1, 5.2, 5.3

Refer to the survey instrument in the Appendix 1

The Five Likert-type scale was used for all dimensions above (1 = “strongly disagree”; 5 = “strongly agree”) (Shahin and Zairi, 2007) .

### 3.4.1 Variables Measured

In the current study two variables were measured: CSR and EE, Antecedents and consequences of EE were also measured as illustrated in Figure 3.1.



**Figure 3.1 Variables Measured: CSR and EE**

Source: Own compilation

#### 3.4.1.1 CSR

Measurement for CSR aimed at confirming that Eskom had active CSR strategies and whether or not employees were aware of those CSR initiatives. CSR was measured as a separate variable with three dimensions as illustrated in paragraph 3.4 (pre-testing and validation paragraph).

#### 3.4.1.2 Employee Engagement

EE was measured using Sak's (2006) instrument with his permission (refer to Appendix 2 for survey instrument). The scale consisted of five items. Each respondent was asked to indicate the extent to which he/she agreed with the statement, such as "Sometimes I am so into my job that I lose track of time". EE was measured using two dimensions, JE and OE.

#### *3.4.1.2.1 Job Engagement*

Individuals' engagement in an organization is defined as the personal connection they have towards the organization. It was important for the researcher to focus not only on the organization but also on each employee. If the organization creates a negative environment, is it possible to find someone who is fully engaged despite all the negativity?. Negative factors included difficult job, difficult boss and so forth. Literature suggests that engagement is long-term and once-off training will not make a job easier. However, if the environment is friendly and caters for diverse talents which employees bring to the organization that can improve EE. To measure JE, employees were asked how they feel, as in: "I feel valued in doing the job that I do". Whether they strongly disagree (1) or strongly agree (5), that feeling can only be achieved in the long term (Wildermuth and Pauken, 2008).

#### *3.4.1.2.2 Organizational Engagement*

For organisational engagement, each participant was also asked to indicate the extent to which he/she agreed or disagreed with statements, such as "My opinions matter to this company". The questions and statements aimed at finding out if respondents had the sense of belonging, and how they felt about the organization.

#### *3.4.1.3 Antecedents of Engagements*

There are five antecedents of engagement; each of the five was covered in the literature review and in the questionnaire.

Five antecedents:

- a) Job characteristics
- b) Perceived organizational support
- c) Perceived supervisor support
- d) Reward and recognition
- e) Procedural justice

To directly capture the perception of the employees of the organization, the researcher measured how strongly they felt about the support they received from the

supervisor and the organization. Factors such as job benefits, recognition, cooperation, fair treatment, sound company policies, and performance-management systems can enhance job satisfaction, resulting in engagement. Antecedents of EE were measured as shown in the survey instrument in the Appendix 1.

#### *3.4.1.4 Employee Engagement Consequences*

There are four consequences of EE: job satisfaction, organizational commitment, intention to resign and organizational citizenship behaviour (Saks, 2006). Any measure that seeks to find out how satisfied an employee is with conditions at work, or asks about the presence of particular conditions at work, is not a measure of engagement, but a consequence of EE (Macey and Schneider, 2008). Consequences include the intention to resign; if being engaged in CSR activities has a positive effect, there is a clear correlation between attraction, engagement, and retention. Two questions were asked to measure intention to resign.

##### *3.4.1.4.1 Organizational Citizenship Behaviour (OCB)*

To what extent each employee agreed or disagreed with the selection question was measured by the researcher. Literature reveals that engagement behaviour is inclusive of behaviour normally characterised as OCB, implying that there is other behaviour that reveals facets of engagement (Bakker and Schaufeli, 2008). For example, it was suggested that an individual might exhibit certain behaviour motivated by the norm of reciprocity, paying back for having been treated well, where as another might simply consider that behaviour part of their job (Whittington and Galpin, 2010).

### **3.5 Administration of the Questionnaire**

Out of the population of 40 000 employees, the 380 that responded were sufficient to draw a conclusion. This descriptive research was based on primary data collected from Eskom employees including those who had no understanding of the term CSR. The participants included people from diverse backgrounds and cultures, of different ages and professions. The questionnaires were forwarded to Eskom's social and development advisor, who sent them to all other Eskom departments and regions. The survey took longer than expected, as Eskom prohibits receipt of external emails

and access to non-work related websites. As a result, the researcher visited Eskom sites and collected data manually. Reminders were sent to respondents to ensure maximum response.

### **3.6 Data Collection**

Data for this study was collected for the first time online via QuestionPro internet link. It was primary data; no data was available to the researcher before the data collection. Questions asked on the questionnaires were taken from previous studies carried out by Saks (2006); Albdour and Altarawneh (2012) and Cataldo (2011). The observation method limited the information response rate, as it took longer to complete questionnaires than that using telephone or personal interviews. The method used was flexible, employees could respond on the questionnaire when they are available. Electronic questionnaires were a cheaper method of data collection.

### **3.7 Data Analysis**

Data correlation and regression analysis were used to find the impact CSR has on EE. For data analysis, reports were downloaded to Excel spreadsheet from QuestionPro which was used as a primary data collection tool. Excel worksheet was modified by removing unwanted columns and irrelevant information such as; forward and backslashes, brackets, question marks, or asterisks. Data was imported onto SPSS version 21, data screening and transformation was performed to ensure that data is entered correctly and the distributions of variables to be used in the analysis are normal. The questions were grouped and coded as per validity and reliability dimensions tested by the statistician. Once the data was free of errors, data was analysed by SPSS, descriptive statistics was selected to get the frequencies on dialogue box. The researcher made sure that all variables are within the expected range. Factor normality on all dimension were assessed using Kaiser-Meyer-Olkin measure of sphericity and Barlett's test of sphericity, the statistics and plots were generated independently by SPSS. Further discussion on factor comparison is discussed on presentation and analysis chapter. The data did not follow a normal distribution, therefore inferential statistics were performed using Spearman's rank-order correlation to form hypothesis further discussed in the next chapter. As the study focused on the two variables, CSR and EE and their dimensions, all the other

variables that were included in the questionnaire were removed from the spreadsheet before data was analysed.

### **3.8 Conclusion**

Employee engagement is a collective term for employee commitment and employee involvement. The studies that measure employee engagement as a single variable are limited. This chapter provides the overview of methodology used to measure the impact CSR has on EE and provide an insight on how Eskom can be or remain the employer of choice by making decisions that uplift employee morale and motivation, keeping them loyal and motivated. Chapter 4 presents analysis and discussion using statistical analysis that reveals whether CSR has affected Eskom employees and if they feel engaged.



## **CHAPTER FOUR**

### **Presentation and Discussion of the Results**

#### **4.1 Introduction**

The purpose of this study was to determine if Corporate Social Responsibility (CSR) initiatives have an impact on Employee Engagement (EE). The study was commenced by sending online questionnaires to Eskom employees in different departments and different regions of Eskom. The questionnaire consisted of biographical questions as well as those about CSR and EE. The EE questions were constructed from past writers such as Saks (2006). This chapter presents the analysed relationship between CSR and EE followed by discussion of the results. Research results and data analysis are in the format of figures, tables and narrative text. The discussion resolves the main objectives of this study, which were to examine CSR in Eskom, examine EE as a construct, determine and measure CSR and EE dimensions, and then finally assess the correlation between CSR and EE.

#### **4.2 Statistical Methodology**

The data from the questionnaires were statistically analysed using the SPSS version 21 programme. The findings are discussed according to the sections of the questionnaire and then with reference to the three dimensions of CSR and two dimensions of EE. A p value  $<0.05$  was considered as statistically significant (SPSS Inc., Chicago, Illinois, USA). Dimension scores were computed by averaging the scores for the set of questions related to each dimension.

#### **4.3 Research Questions**

This study focused on Human Resources Management (HRM), in which EE is an important issue. The questions that this study aimed to answer were the following:

- a) Are employees aware of the external CSR initiatives of their company?
- b) Is there a relationship between CSR and EE?

When all the factors were loaded on the factor analysis three dimensions came out for CSR and two for EE.

#### *4.3.1 Three CSR Dimensions*

- CSRa: This dimension focuses on employee awareness of CSR in the organization.
- CSRb: This dimension focused on employee involvement in the CSR initiatives in the organization.
- CSRc: This dimensions focused on measuring the organization's involvement in the CSR initiatives that promote environmental awareness.

#### *4.3.2 Two Employee Engagement Dimensions*

The two dimensions on EE, Job Engagement (JE) and Organizational Engagement (OE) are covered in the literature and there were questions for both dimensions in the questionnaire. However, for the purpose of the analysis both dimensions were combined and analysed together.

### **4.4 Reliability and Validity**

The reliability of the questionnaire was established using Cronbach's coefficient alpha and validity by using factor analysis. The data collected through the structured questionnaire was analyzed to find out the reliability and validity of the research. The reliability and validity analyses were performed according to guidelines provided by Anderson and Gerbing (1988). Cronbach's coefficient alpha was computed through SPSS. Cronbach's coefficient is not a statistical test but a coefficient to measure reliability and consistency. The reliability coefficient alpha of 0.70 or higher is considered acceptable in most social science situations. The overall CSR reliability alpha was 0.806 on Table 4.1. For EE alpha was 0.830 on Table 4.2. The standard criteria for validity of data are that the values of Cronbach's coefficient alpha are greater than 0.60, alpha of 0.5 is unacceptable, alpha greater than 0.6 less than 0.70 is also acceptable. The values for all constructs were higher than the standard criteria; therefore data was reliable for further analysis purposes. In addition to the alpha coefficient of reliability, an investigation of the dimensionality of the scale was performed by factor analysis. The factor analysis detects constructs and appropriateness of factors that underlie a dataset based on the correlations between

variables. Factor analysis is assumed to be a more reliable questionnaire evaluation method. Factor analysis was used as a statistical method to describe correlation on variables on the questionnaire. CSR had three correlated components of questions, EE had two as illustrated on Table 4.3 and Table 4.4 below. Similarly, the validity of data was estimated by confirmatory factor analysis (CFA) through AMOS. The value of factor loading should also be greater than 0.60 (Bagozzi and Yi, 2012). The values of all constructs given in Tables 4.3 and 4.4 loaded above the standard; therefore, the measured constructs were valid.

#### *4.4.1 Reliability*

The alpha coefficients for the two sections of the questionnaire are shown in Tables 4.1 and 4.2 below.

**Table 4.1: Reliability Statistics for Corporate Social Responsibility**

<b>Dimension</b>	<b>Coefficient Alpha</b>	<b>No of items</b>
Overall	0.806	14
Awareness of CSR	0.739	5
Involvement with CSR	0.679	4
Environmental CSR	0.670	5

The Reliability of CSR coefficients are greater than 0.60 and are considered to be acceptable.

**Table 4.2: Reliability Statistics for Employee Engagement**

Employee Engagement	0.830	11
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The Reliability of the EE coefficient of 0.830 indicates it is acceptable and therefore data can be analysed further.

#### 4.4.2 Validity

Factor analysis was used to establish factorial validity. Before factor analysis can be used the Kaiser Meyer-Olkin Measure of Sampling Adequacy (MSA) and Bartlett's Test of Sphericity must be established to determine whether the data set complies with the requirements of sampling adequacy and sphericity. According to Hair *et al.* (1998), an MSA value of 0.60 or higher is required to be acceptable.

##### 4.4.2.1 Corporate Social Responsibility

The results of the factor analysis are shown below. The results in Table 4.3 show that the requirements of sampling adequacy (MSA = 0.841) and sphericity were are met allowing for factor analysis to be performed.

**Table 4.3: Factor Analysis for Corporate Social Responsibility**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.841
Bartlett's Test of Sphericity	Approx. Chi-Square	1103.578
	df	91
	Sig.	.000

A principal component analysis extracted three components (factors) and a varimax rotation was performed to make the components interpretable. The results of each component are shown in the Rotated Component Matrix Table 1 in the Appendix 3:

Component (factor) 1 – Awareness of Corporate Social Responsibility.

Component (factor) 2 – Company Involvement with Corporate Social Responsibility.

Component (factor) 3 – Environmental Social Responsibility.

#### 4.4.2.2 Employee Engagement

The results of the factor analysis are shown in Table 4.4 below.

**Table 4.4: KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.865
Bartlett's Test of Sphericity	Approx. Chi-Square	1105.505
	df	55
	Sig.	.000

The results on the KMO and Bartlett's test show that the data meets the requirement for factor analysis to be performed. The principal component analysis on EE extracted two components (factors) and thereafter a varimax rotation was performed. The Rotated Component Matrix Table 2 is shown in the Appendix 3.

Component 1 – Organizational Engagement.

Component 2 – Job Engagement.

For further data analysis, it was decided to use composite EE which is both components 1 and 2 (OE and JE).

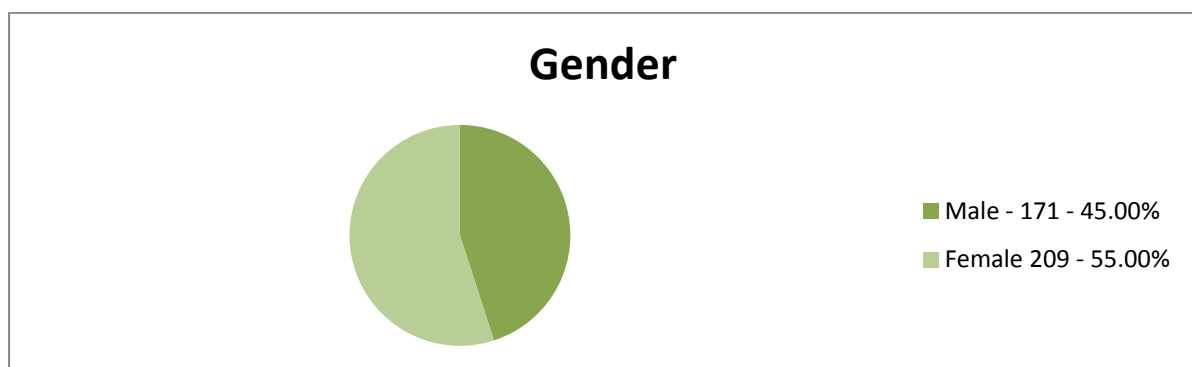
### 4.5 Descriptive Statistics

Frequencies and percentages are displayed to determine the profile of the sample as well as the responses to the items related to CSR and EE. From the 40 000 employees the response rate was low at 0.95%. Eskom has a large number of employees who did not have access to the online questionnaire, some hold technical positions and did not make time to participate and some did not come across the questionnaire. Other employees were concerned about participating, even though the questionnaire was attached to a letter from Eskom. This comment was made by the Eskom Social and Economic Development Manager. It was then decided to proceed on the results of the 380 sample as this sample size provided a 95%

confidence level. The biographical section of the questionnaire covered the respondents' gender, race, age, school qualifications, department worked in, band position and number of years in the company. Though not central to the study, the personal data helped contextualise the findings and the formulation of appropriate recommendations.

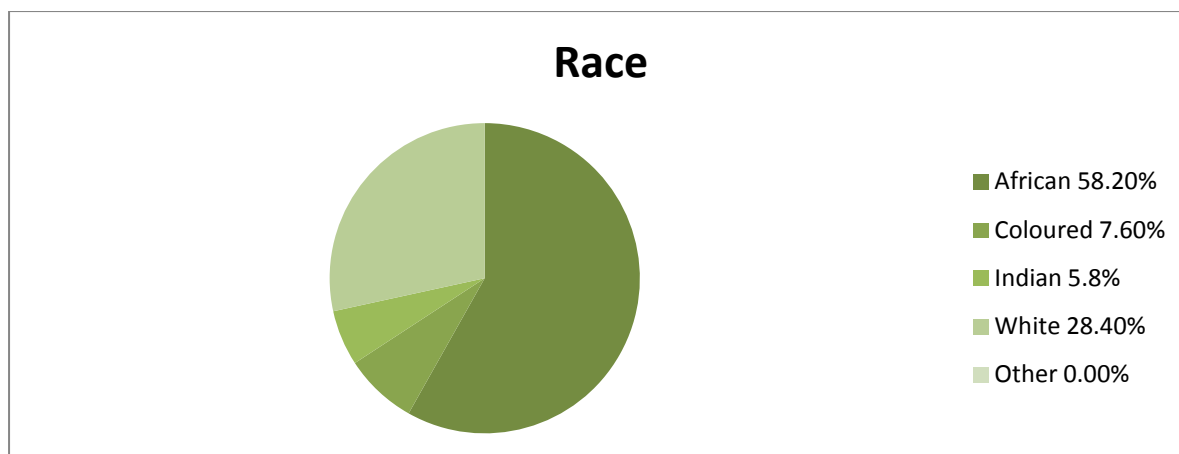
#### *4.5.1 Profile of the Sample*

The profile of the sample results is shown in the Frequency Distribution of the Sample Pie Charts Figures 4.1 to 4.7.



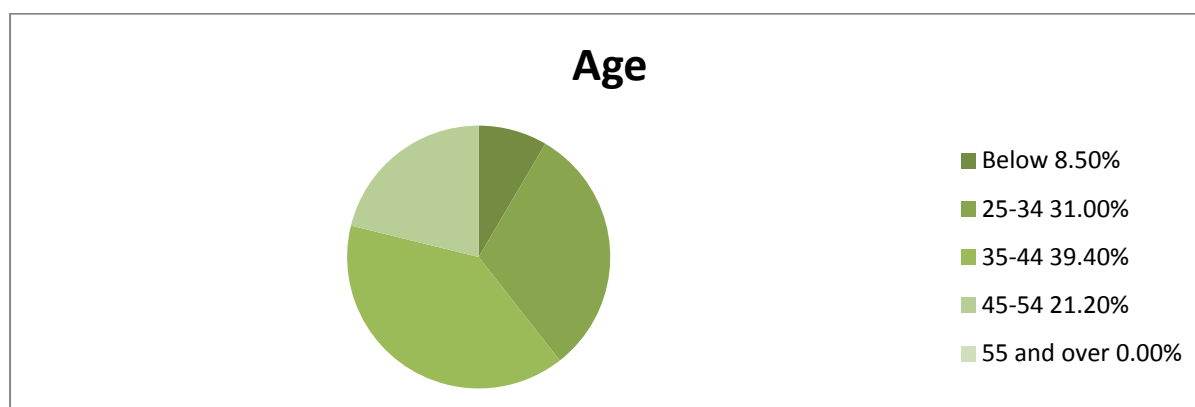
**Figure 4.1: Frequency Distribution of Biographical Variable: Gender**

The results show that 380 employees attempted this question. The majority of participants, 55%, were females and 45% males. There were 171 male and 209 female participants. Eskom is a national company that applies employment equity when recruiting. It is also a company that manufactures a large number of components requiring a variety of technical skills. Women had a greater opportunity to access the questionnaire as most of them used computers to perform their daily duties. Therefore, the fact that a greater number of women participated does not necessarily reflect on the aims and objectives of this study.



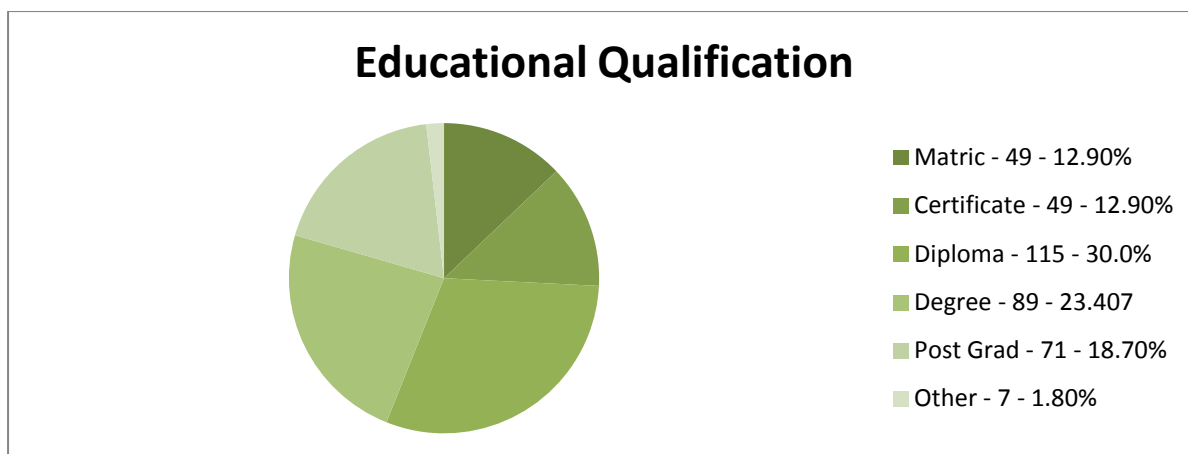
**Figure 4.2: Frequency Distribution of Biographical Variable: Race**

Of the total 380 participants, most participants were African (58.2%) followed by White (28.4%), Coloured (7.6%) and Indian (5.8%). The total number of Africans who attempted the questions was 221, White 108, Coloured 29 and 22 Indian. No other race participated. The company employs a greater number of Africans which resulted in this being the largest group who participated.



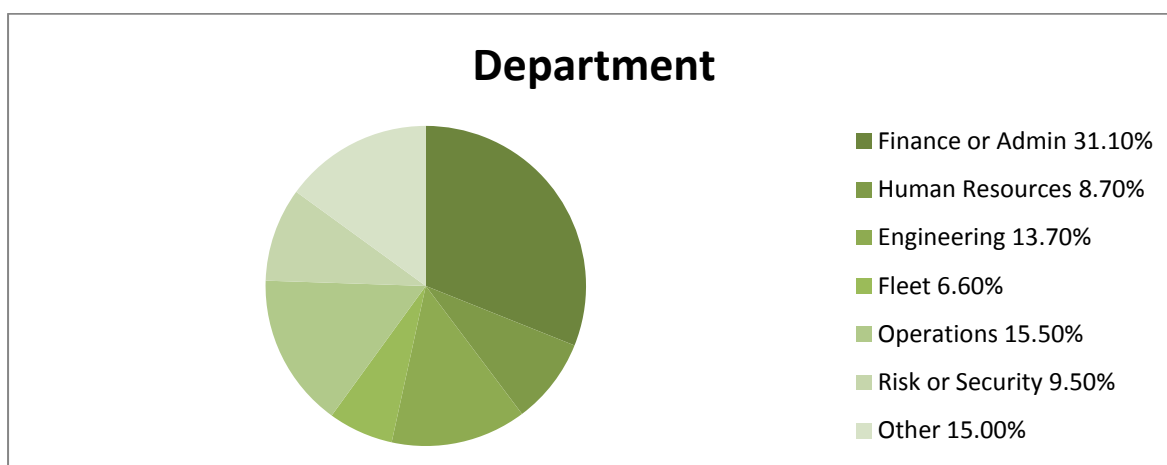
**Figure 4.3: Frequency Distribution of Biographical Variable: Age**

The majority of subjects were in the age group of 35-44 (149), in the category of 25-34 there were 149 subjects, 45-54 there were 80, and the lowest category was below the age of 25 with only 32 subjects. 378 participants attempted this question. There were no subjects aged 55 and above. The age 35-44 is the corporate age; employees at this age are active and involved.



**Figure 4.4: Frequency Distribution of Biographical Variable: Educational Qualification**

Diplomas were largely represented in the study; 115 employees held diplomas at the time of this study. There were 49 subjects with matric and 49 with certificates. Degrees were just below the majority, at a total number of 89 subjects. Participants who held postgraduate qualifications numbered 71. Other qualifications, such as Doctorate, final year Bachelor's degree and short programmes, were least represented by 7 subjects shown in the "other" category. Generally, employment starts on completion of a diploma, while some go on to study further. This leaves a larger number of employees who hold diploma qualifications than other higher educational qualifications.

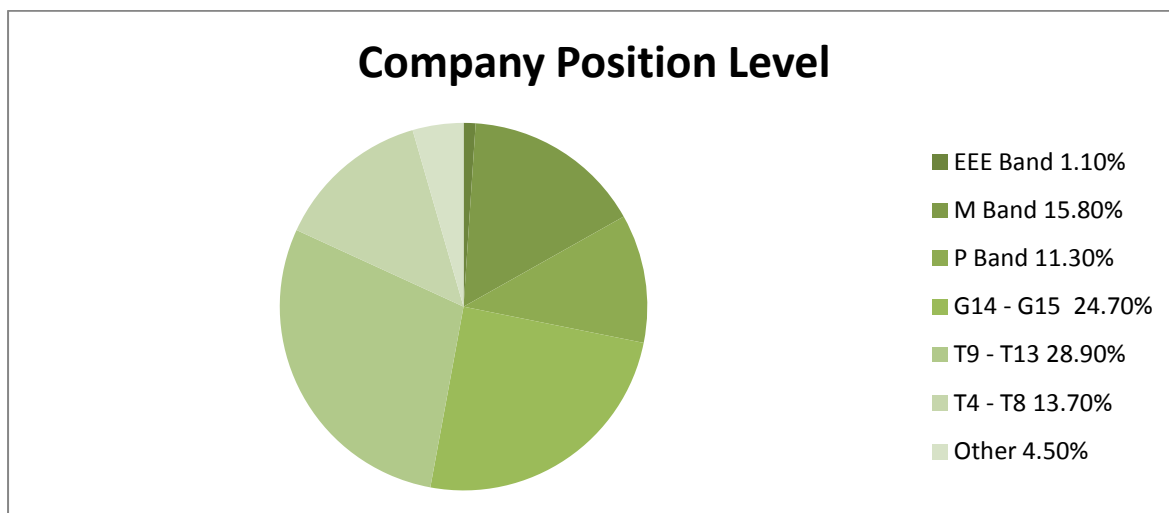


**Figure 4.5: Frequency Distribution of Biographical Variable: Department**

Of the 380 participants, the Finance and Admin department was represented by most subjects with a total number of 118 (31.1%). The smallest number of



respondents belonged to the Fleet department (25 subjects). Subjects identified as “Other” included respondents on learner-ship programmes and there were 57 subjects in this category while Human Resources showed 33, Engineering 52, Operations 59, and Risk and Security 36. The Engineering and Operations numbers were expected to be higher as Eskom is mostly a technical company, but most of these employees were on site elsewhere, with limited access to the online questionnaire, whereas Finance and Admin staff spent most of their day in front of computers.

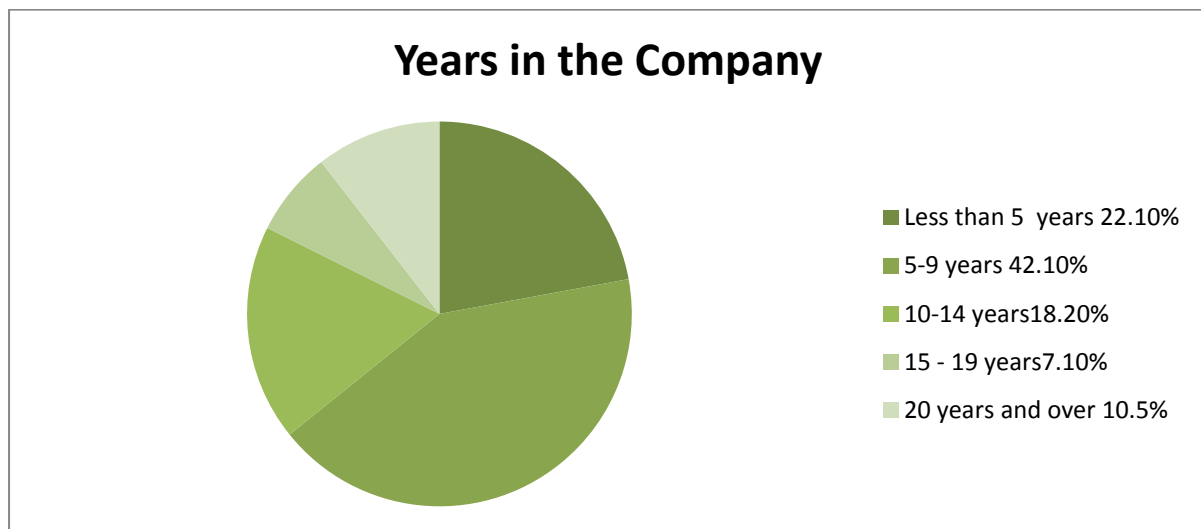


**Figure 4.6: Frequency Distribution of Biographical Variable: Company Position Level**

Eskom’s position levels are divided in bands as listed on the questionnaire; employees on EEE band are Executives which is the top positions band. M band, are management employees who report to Executives. P band are employees who are employed as professionals who are specialist in their positions, some are higher than some M band some lower, they specialize in different fields, e.g. engineering or accounting, etc. Below P band are G14 – G15, who are in different departments, their bands are according to their positions levels in the organization and their salaries, so as T9 – T13, and T4 – T8. Employees in the “other” category, are employees who are learners and contracts.

The majority of respondents (110 subjects) held non-management level positions. While most respondents had diplomas, and had been with the organization for more than 5 years, the position with the highest response was T9-T13, which is the

second lowest band level in the company. A quarter of respondents were at G band (94 subjects). At this band employees have more experience but are not necessarily professionals in the field unlike the P band (43 subjects). G level participants know more about the company and they have been with the company longer. It can be concluded that the lower levels in the company are involved and active in the questions that this study attempts to answer. The 17 subjects identified as 'Other' provided examples of respondents on learner ship programmes.



**Figure 4.7: Frequency Distribution of Biographical Variable: Years in the Company**

Most of the subjects had been with the company for more than 5 years, in the range of 5 to ten years in the company there were 160 respondents. This was followed by 84 subjects who had been with the company for less 10-14 years at 69 respondents, then 40 subjects who had been with the company for 20 years and over. The least respondents (27) had been with the company for 15-19 years. These results show that there was a very low staff turnover, to see that there are employees who have been with the company for more than 20 years. Only where there is growth and engagement, can employees be that loyal.

#### **4.6 Participants and Biographical Results**

The results of the Mann-Whitney test by gender indicated no significant differences between male and female respondents at the 95% level ( $p > 0.05$ ). The data collection instrument and respondents' demographic characteristics provide some insights into

the relationships in this study. The study had a sample of 380 participants, most of them female at 55%, and most African (58.2%), White (28.4%), Coloured (7.6%) and Indian (5.8%). None of the participants were 55 years or above, 8.5% of the subjects were below the age of 25, 31% were 25-34 years of age, 39.4% were 35-44 years, which is the age they participated more than the others, and 21.2% were 45-54 years. Participants who held diplomas participated mostly at 30.3%, matric and certificate holders both sat at 12.9%, degrees at 23.4% and post graduates at 18.7%. From the 380 participants, 7 had qualifications that were not listed on the questionnaire and they therefore chose "Other". These included doctorates and learners. The Finance and Admin Department responded at a higher rate of 31.1%, followed by the Operations Department at 15.5%, and "Other" 15%, which included departments that were not included in the list such as Projects. Only 33 participated from the Human Resources Department, 52 from Engineering, 25 from Fleet and 36 from Risk and Security Department. Eskom has different band levels, the lowest being learners and trainees, above them T4-T8, followed by T9-T13 then G14-G15 which includes employees with extensive experience but who do not necessarily have qualifications for the positions they hold. Above them is the P band, the professionals, then the M band holding management positions, and at EEE band, the highest level are the executives and the directors. The majority of the participants are at non-managerial positions, the majority holding diplomas and at the second level band at Eskom.

#### **4.7 Responses to the Items**

The responses to the CSR and EE items are presented in Figures 4.8 to 4.21 below.

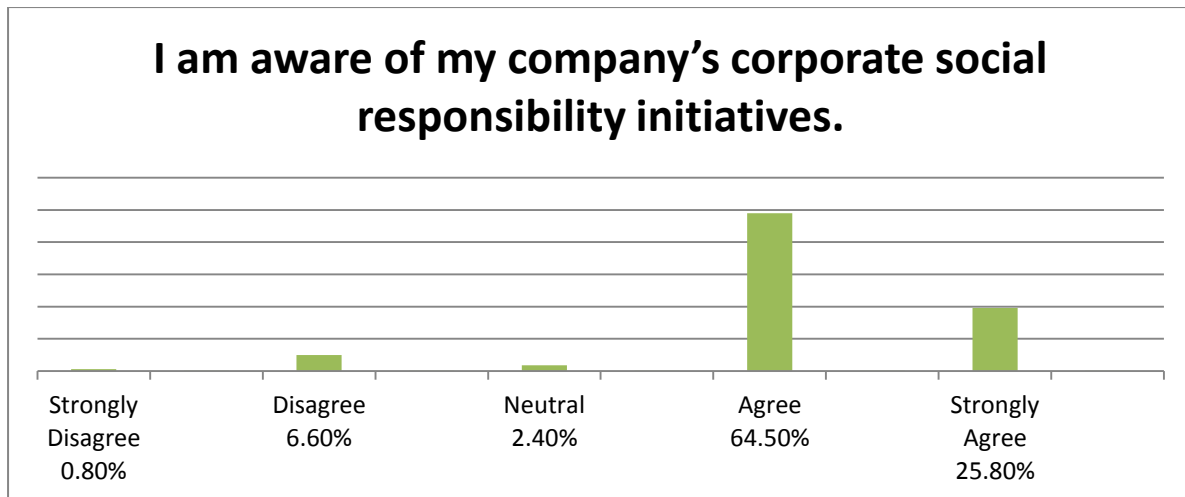
##### **4.7.1 Responses to Corporate Social Responsibility**

Figures on the responses to CSR items are as below, refer to questionnaire attached in the Appendix 1.

Figure 4.8 to Figure 4.12 – Awareness of CSR.

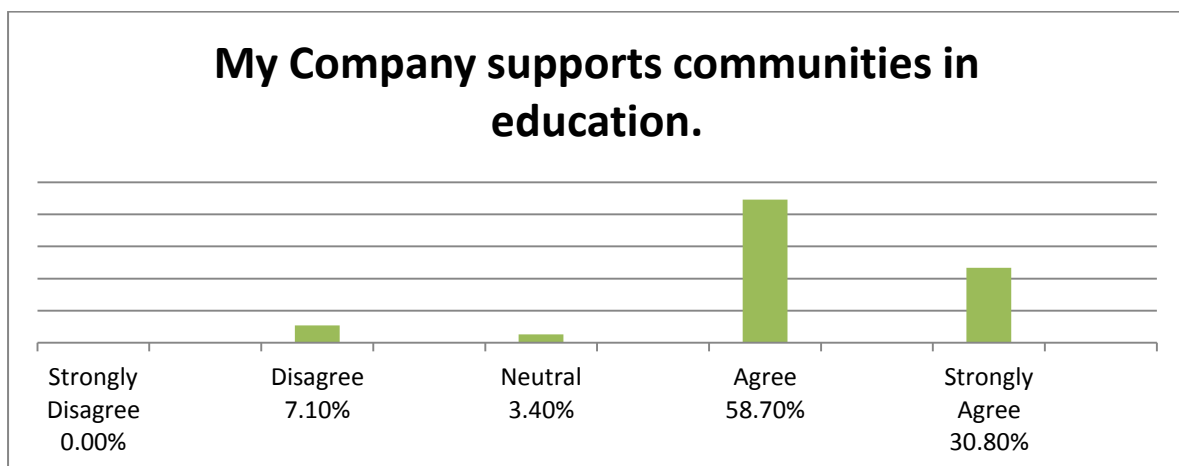
Figure 4.13 to Figure 4.16 – Involvement in CSR.

Figure 4.17 to Figure 4.21 – Environmental CSR.



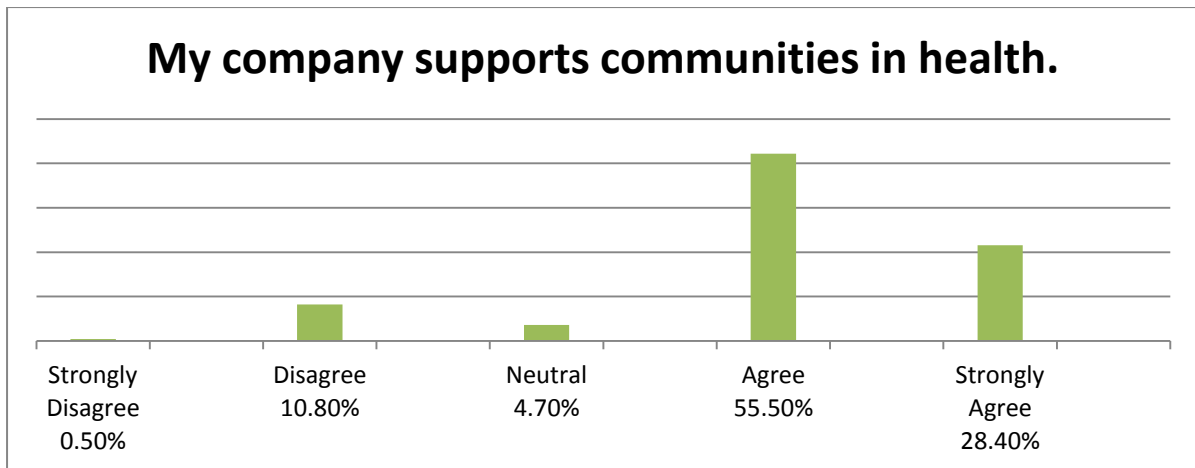
**Figure 4.8: Responses to CSR Awareness: Initiatives**

**Q2.1** The majority of the subjects (90.3%) agreed (245) or strongly agreed (98) that they were aware of the company's corporate social responsibility initiatives, followed by 7.4% who disagreed (25) or strongly disagreed (3) and 2.4% who were neutral (9). This shows that most employees with computer access and those who filled in the questionnaire manually were aware of the initiatives in which the company was involved in.



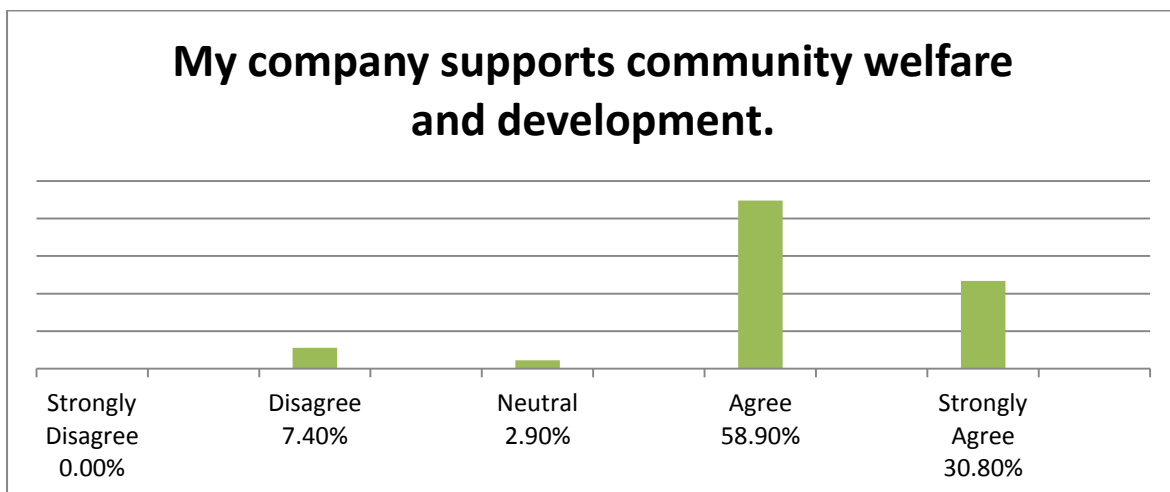
**Figure 4.9: Responses to CSR Awareness: Community Support in Education**

**Q2.2** Most of the subjects (89.5%) agreed (223 subjects) or strongly agreed (117) that their company supports communities in education followed by 7.1% who disagreed (27) and 3.4% who were neutral (13). None of the participants strongly disagreed.



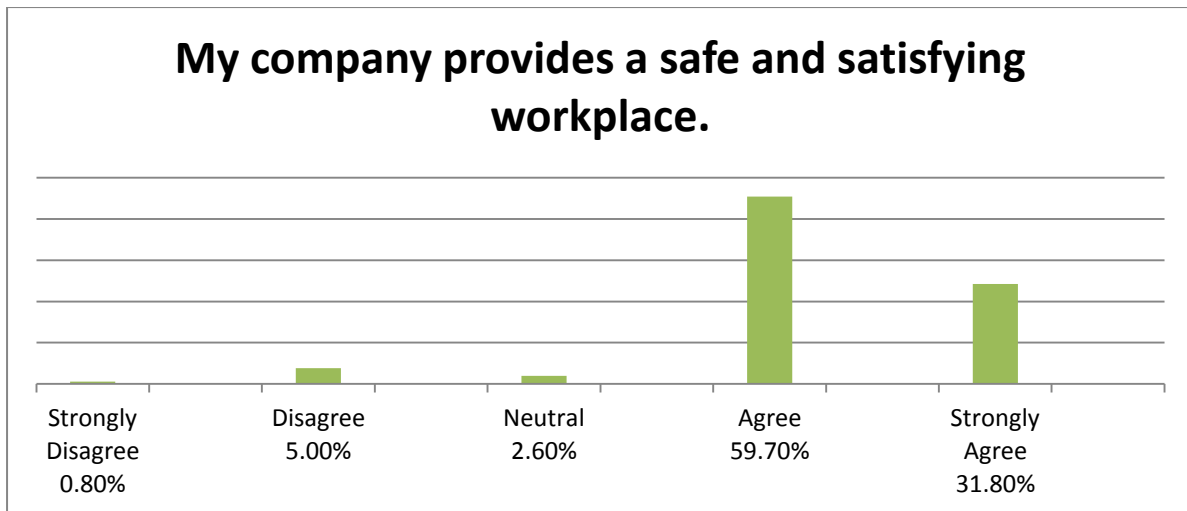
**Figure 4.10: Responses to CSR Awareness: Community Support in Health**

**Q2.3** Most of the subjects (83.9%) agreed (221) or strongly agreed (108) that their organization supports communities in health. 11% subjects disagreed (41) or strongly disagreed (2) and 4.7% were neutral (18).



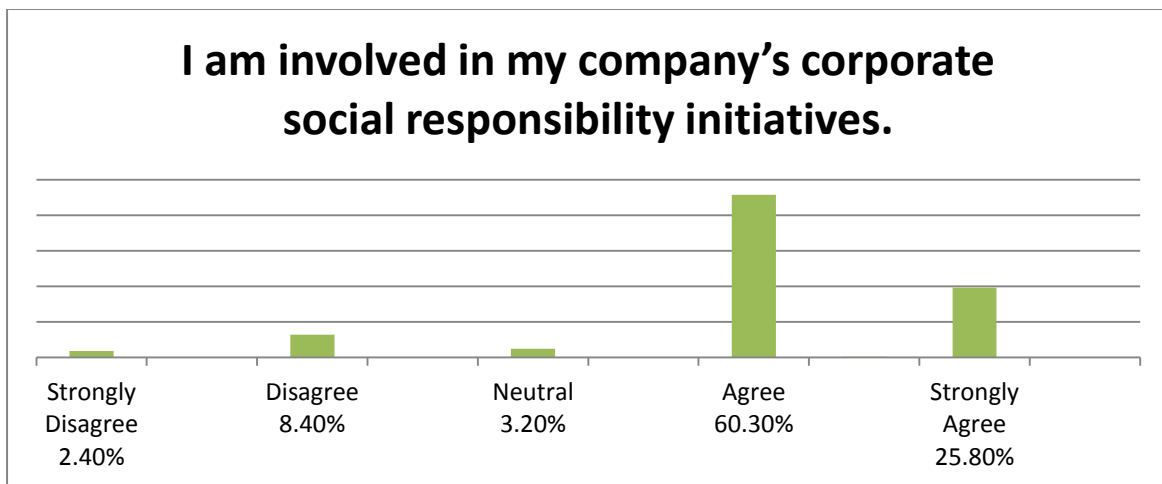
**Figure 4.11: Responses to CSR Awareness: Community Welfare and Development**

**Q2.4** None of the participants strongly disagreed with this statement, 7.4% disagreed (28) that the organization they worked in supported community welfare and development, while 2.9% were neutral (11) and most subjects agreed (224) or strongly agreed (117); 89.7% of the respondents either agreed or strongly agreed.



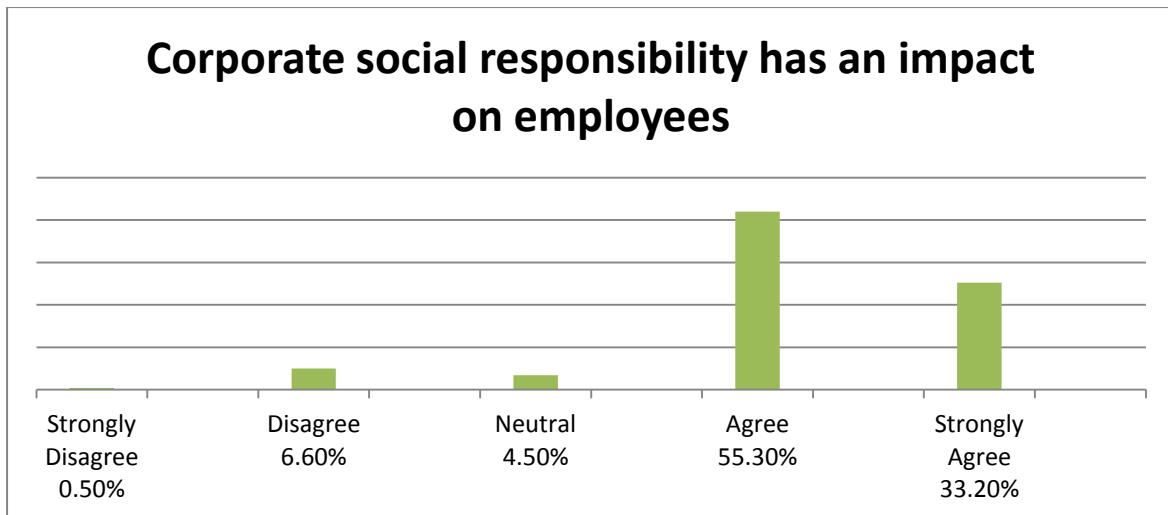
**Figure 4.12: Responses to CSR awareness: Workplace satisfaction and safety**

**Q2.5** Only 2.6% of the subjects were neutral (10), when they answered that their company provides a satisfying workplace, the least subjects disagreed (19) or strongly disagreed (3) with this statement (5.8%), but most agreed (227) or strongly agreed (121) at 91.5%.



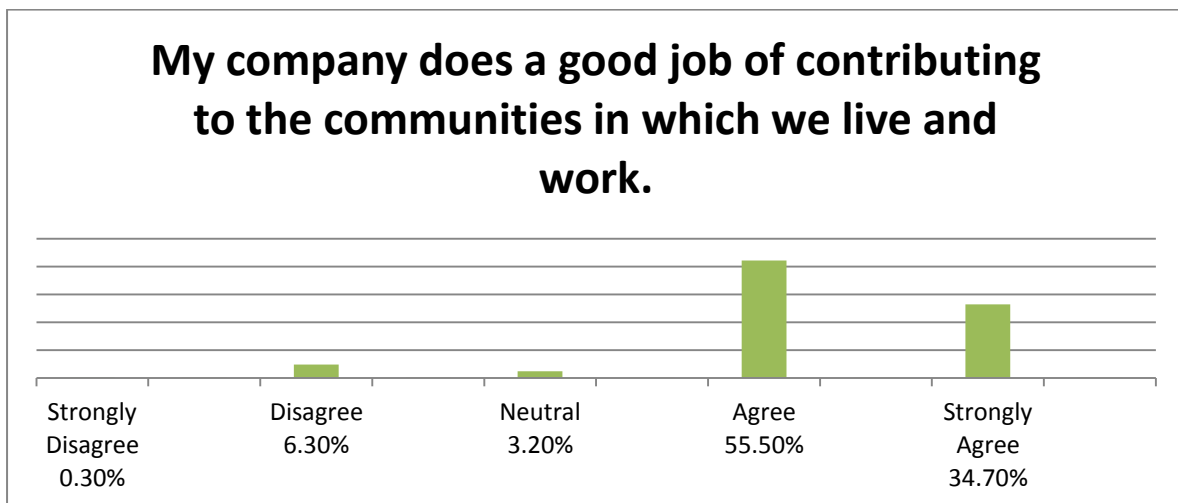
**Figure 4.13: Responses to CSR involvement: Employee Involvement**

**Q2.6** Most subjects agreed or strongly agreed (229 and 98 respectively) at 86.1% that they were involved in the company's corporate social responsibility initiatives. Only 12 subjects were neutral (3.2%) were neutral and 10.8% disagreed or strongly disagreed, 32 and 9 subjects respectively.



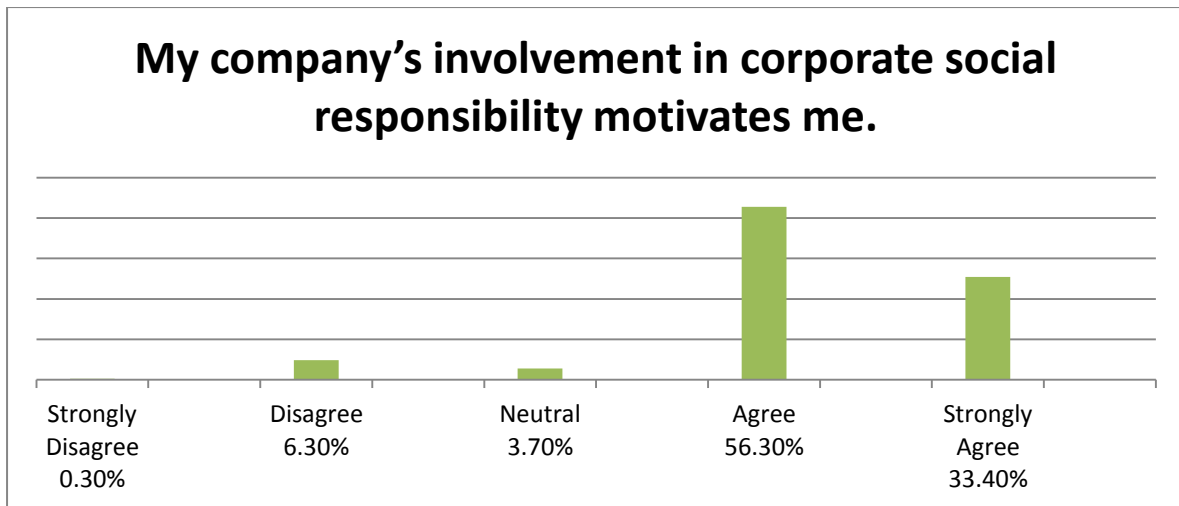
**Figure 4.14: Responses to CSR involvement: Employee Impact**

**Q2.7** The majority agreed (210) or strongly agreed (126) that corporate social responsibility has an impact on employees (88.5%). The least number of subjects were neutral at 17 (4.5%) and 7.1% disagreed (25) or strongly disagreed (2).



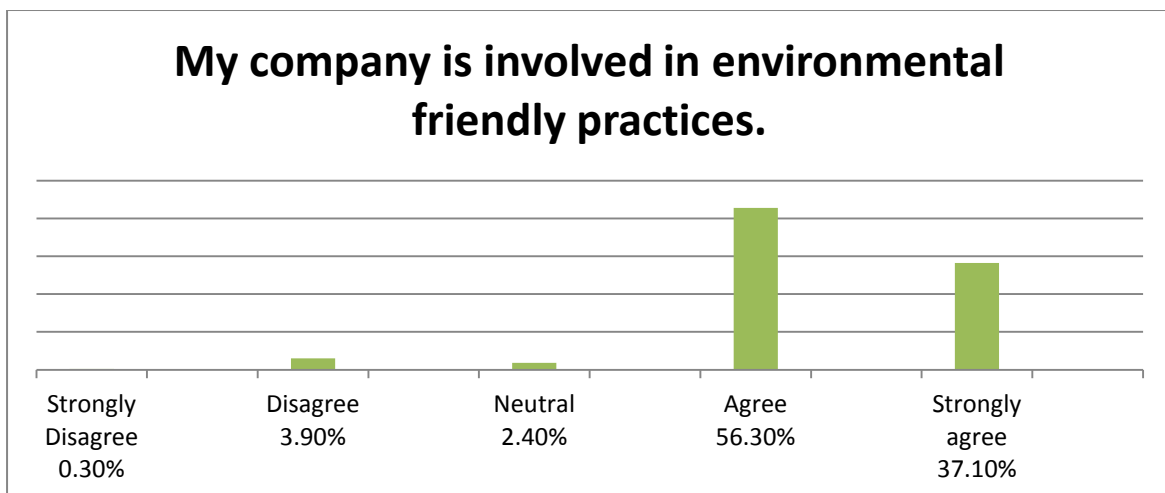
**Figure 4.15: Responses to CSR Involvement: Employee Opinion**

**Q2.8** The least subjects disagreed (24) or strongly disagreed (1) accounting for 6.6%, with the statement that their company does a good job of contributing to the communities in which they live and work. The majority agreed (221) or strongly agreed (132) total of 90.5% and 12 were neutral (3.2%).



**Figure 4.16: Responses to CSR Involvement: Employee Motivation**

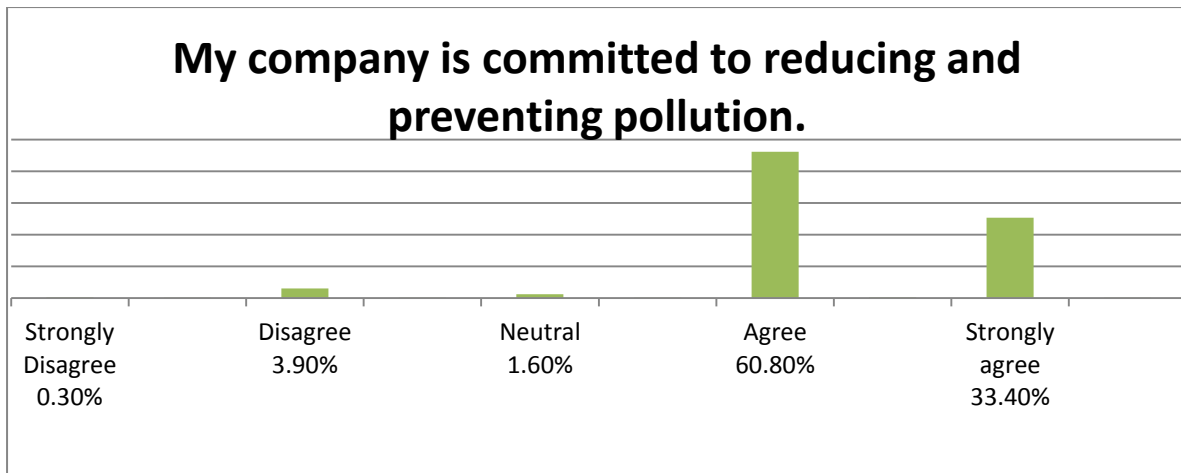
**Q2.9** The majority of the subjects agreed (214) or strongly agreed (127) accounting for 89.7% that they are motivated by the company's involvement in corporate social responsibility. The least disagreed or strongly disagreed at 6.6% (24 and 1 respectively) and there were 14 neutral subjects (3.7%).



**Figure 4.17: Responses to Environmental CSR: Opinion on Environmental Friendly Practices**

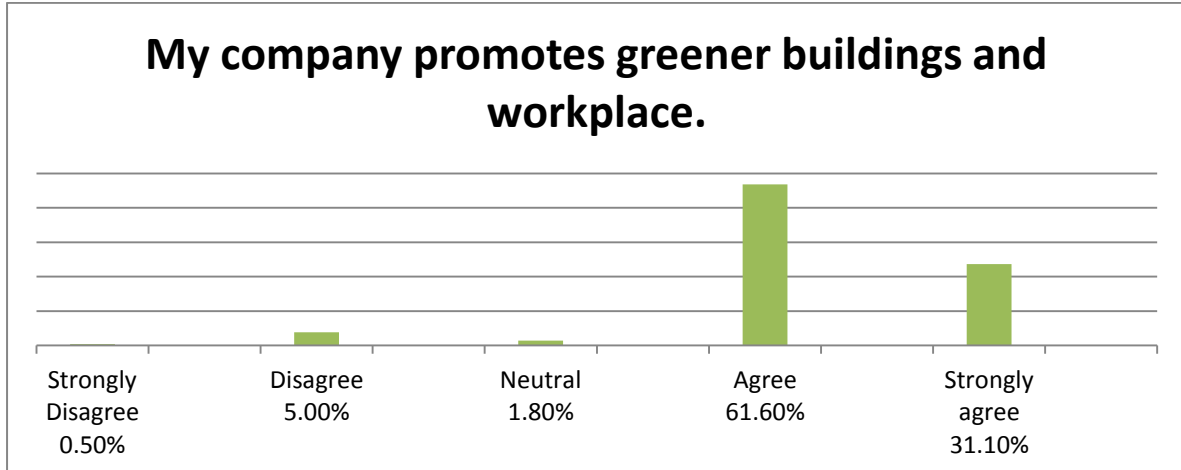
**Q2.10** The larger group of subjects agreed (214) or strongly agreed (141) which accounts for 93.4% that the company they work in is involved in environmental friendly practices. The least disagreed (15) or strongly disagreed (1) at 4.2% and neutral subjects (9) account for 2.4%.





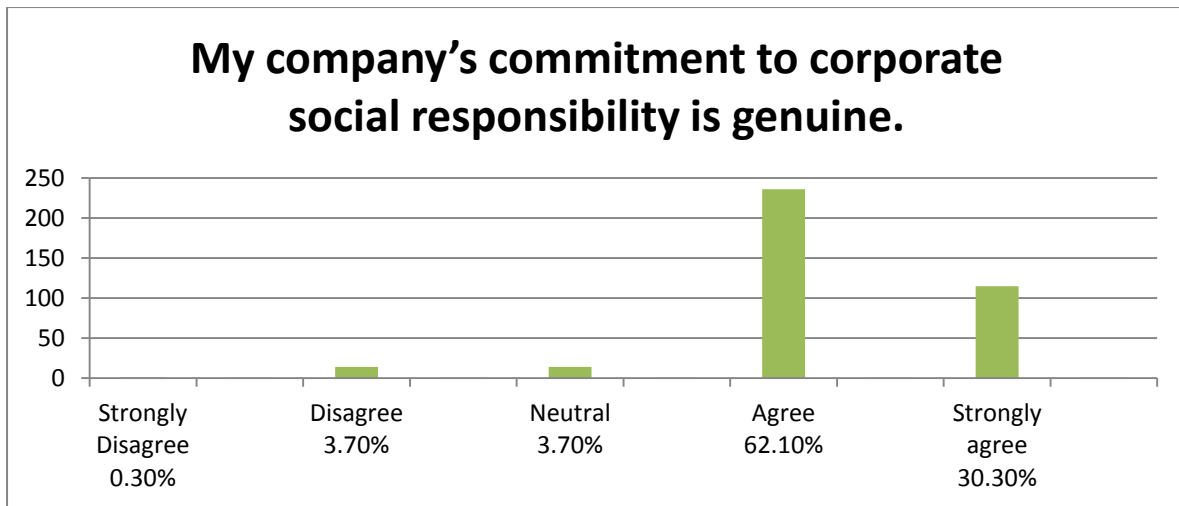
**Figure 4.18: Responses to Environmental CSR: Reducing and Preventing Pollution**

**Q2.11** Subjects who disagreed or strongly disagreed that their company is committed to reducing and preventing pollution amounted to 4.2% (15 and 1 respectively). Most (94.2%) agreed or strongly agreed (231 and 127) and 1.6% were neutral with 6 respondents.



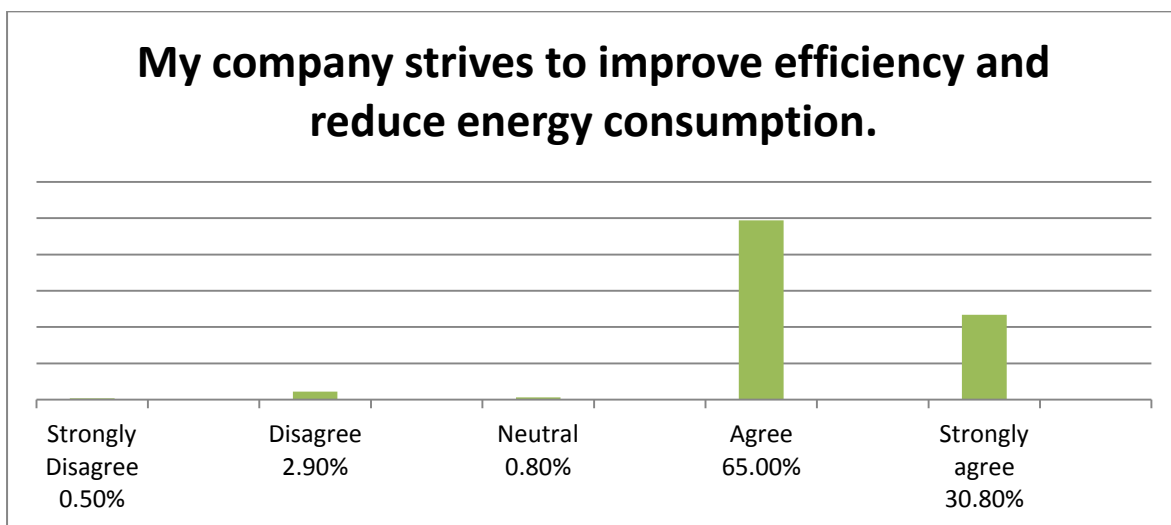
**Figure 4.19: Responses to Environmental CSR: Promotion of Greener Buildings and Workplace**

**Q2.12** Only 1% of the subjects disagreed or strongly disagreed (19 and 2 respectively) that their company promotes greener buildings and workplace. Most agreed or strongly agreed at 92.7% (2434 and 117) with 7 neutral subjects at 1.8% while 5.5% disagreed or strongly disagreed.



**Figure 4.20: Responses to Environmental CSR: Validity**

**Q2.13** Most subjects agreed or strongly agreed at 92.4% (236 and 115), while 14 were neutral at 3.7% and just a few disagreed or strongly disagreed at 4% (14 and 1).



**Figure 4.21: Responses to Environmental CSR: Improve Efficiency and Reduce Energy Consumption**

**Q2.14** The highest number of participants agreed or strongly agreed at 95.8% (247 and 117) that the company strives to improve efficiency and reduce energy consumption. The least disagreed (11) or strongly disagreed (2) equalling 3.4% and only 3 subjects were neutral at 0.8%.

#### *4.7.1.1 Corporate Social Responsibility Discussion*

This research yielded three dimensions of CSR and the mean from each is as below:

- CSRa (Factor) 1 – Awareness of Corporate Social Responsibility – 4.1032
- CSRb (Factor) 2 – Company Involvement with Corporate Social Responsibility – 4.1178;
- CSRc (Factor) 3 – Environmental Social Responsibility – 4.2158. On average, mean scores are around 4 on a scale of 1 to 5.

Comparison of CSR dimensions between age groups indicates that CSRc is significantly different between age groups at the 95% level ( $p < 0.05$ ). Although mean scores are around 4, mean scores are lowest amongst the 25-34 age group. With race, the results of the Kruskal-Wallis by with race indicates no significant differences between race groups at the 95% level ( $p > 0.05$ ) with regard to the dimensions of CSR.

However, EE is significantly different at the 95% level ( $p < 0.05$ ). EE mean scores are highest amongst the Whites and lowest amongst the Indians. The same test indicated that there is no significant difference on different qualifications and departments at the 95% level ( $p > 0.05$ ). But for both CSRa and EE, the Kruskal-Wallis test indicated that with band position there are significant differences at the 95% level ( $p < 0.05$ ).

#### *4.7.1.2 CSRa Awareness of CSR*

Most participants agreed or strongly agreed that they were aware of the CSR initiatives that the organization is involved in. Fewer than 1% disagreed or strongly disagreed. Very few subjects were neutral. Most of the subjects took pride in the company's involvement in supporting communities in health, education, welfare, development and providing a safe workplace for employees.

#### *4.7.1.3 CSRb Involvement with Corporate Social Responsibility*

All participants attempted to answer CSR involvement questions. The majority agreed or disagreed at a very high rate. The neutral group was much lower just above the rate of those who disagreed or strongly disagreed at less than 1% percent. Participants agreed that Eskom is involved in CSR initiatives and those initiatives have an impact on them as employees. They also agreed that Eskom does a good job in contributing to the community, and that motivates them as employees.

#### *4.7.1.4 CSRc Environmental Social Responsibility*

Eskom employees agreed and strongly agreed that the organization is involved in environment friendly practices. They believed that Eskom strives to improve and reduce energy consumption and are genuine in these practices by providing greener buildings and workplaces. More than 90% of the participants agreed/strongly agreed that Eskom is environmentally responsible, though about 2% of respondents were neutral and less than 1% disagreed or strongly disagreed.

#### *4.7.1.5 Corporate Social responsibility Results Discussion*

CSR has moved from being a foreign concept, in as much as some Eskom employees only gained a broader understanding of CSR after the concept was explained to them. Some did not think environmentally friendly practices fell under CSR. This study provided some insight to the fact that CSR is not only about compliance, but also adds to stakeholder value.

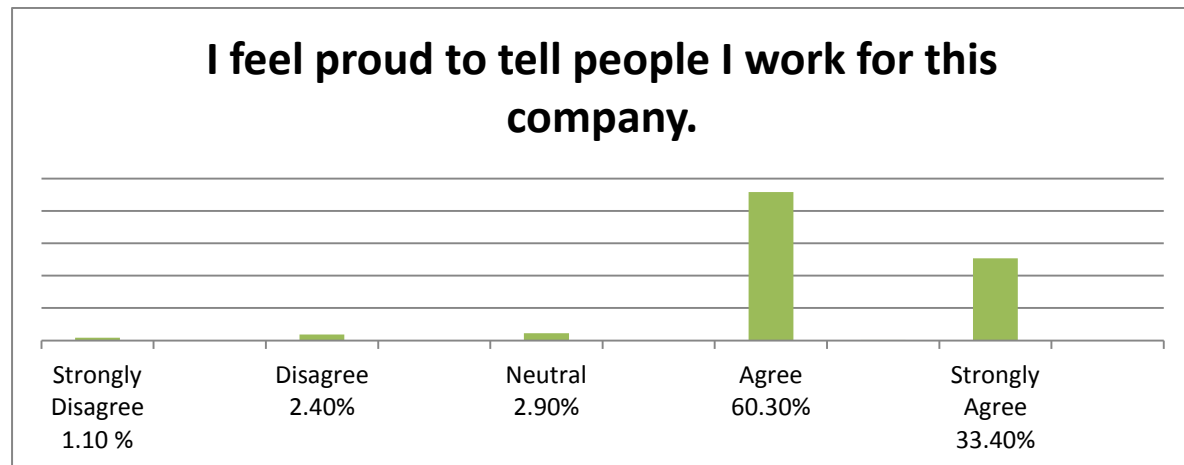
### *4.7.2 Employee Engagement*

#### *4.7.2.1 Employee Engagement Dimensions*

EE has two dimensions, OE and JE. For the purpose of this research these two dimensions were combined to give an overall score. All responses for EE are shown in Figures 4.22 to 4.32. Participants were asked if they were proud of working for Eskom, whether they felt involved and had opportunities to grow, whether they spoke proudly about Eskom outside the working environment and felt engaged and appreciated in the organization. More than 80% of the participants agreed or strongly agreed that they felt engaged at Eskom, about 5% were neutral, and fewer than 10%

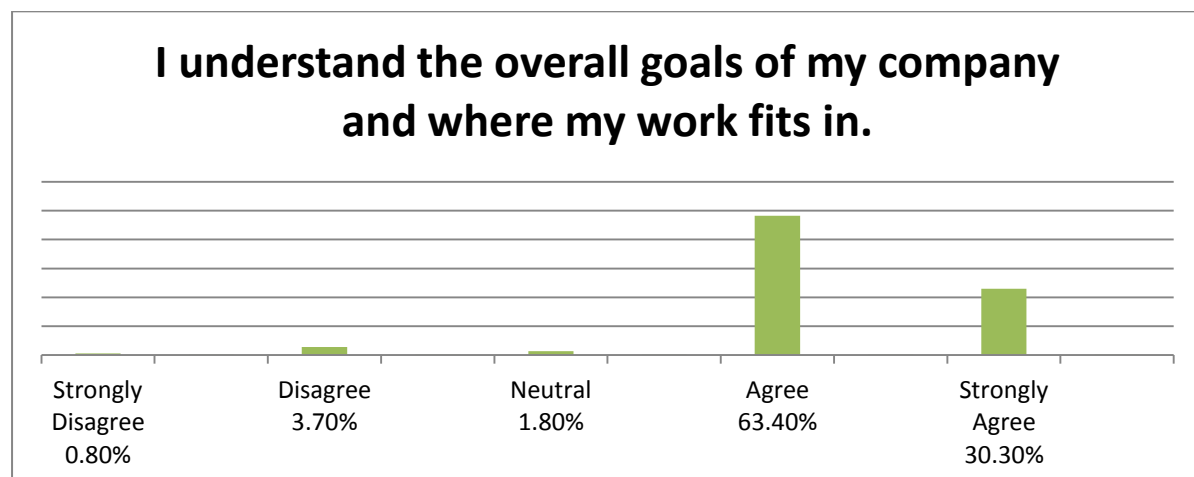
disagreed or strongly disagreed. These results based on the responses below supplement the conclusion in the literature that engaged employees are more likely to stay longer in an organization.

#### 4.7.2.2 Responses to Employee Engagement Items



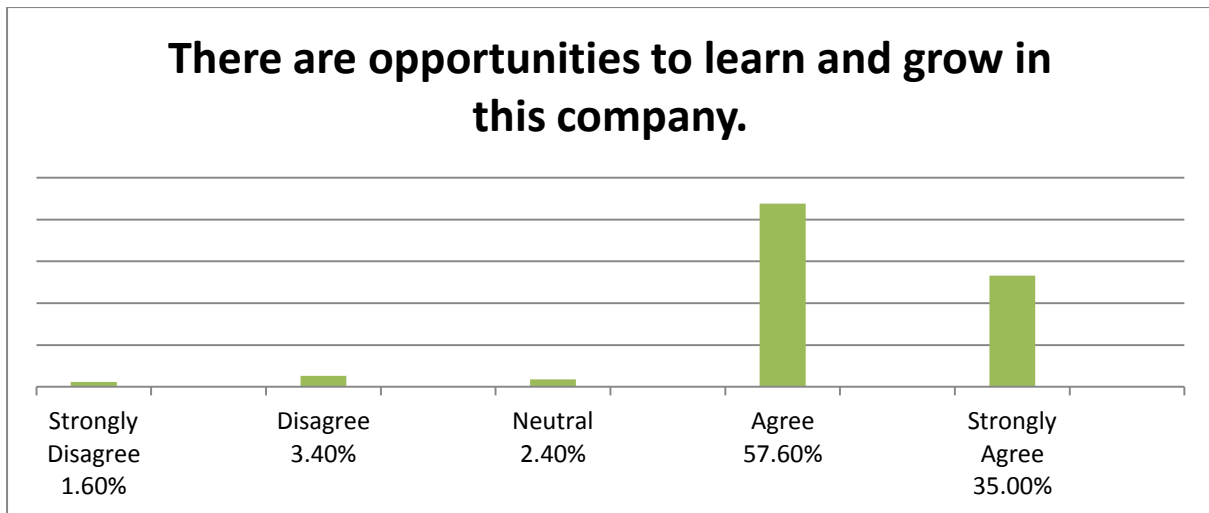
**Figure 4.22: Responses to EE: Employee Pride**

**Q3.1** Most subjects agreed or strongly agreed (93.7%) that they were proud to tell people they work for this company. The least were neutral (2.9%) and 3.5% disagreed or strongly disagreed.



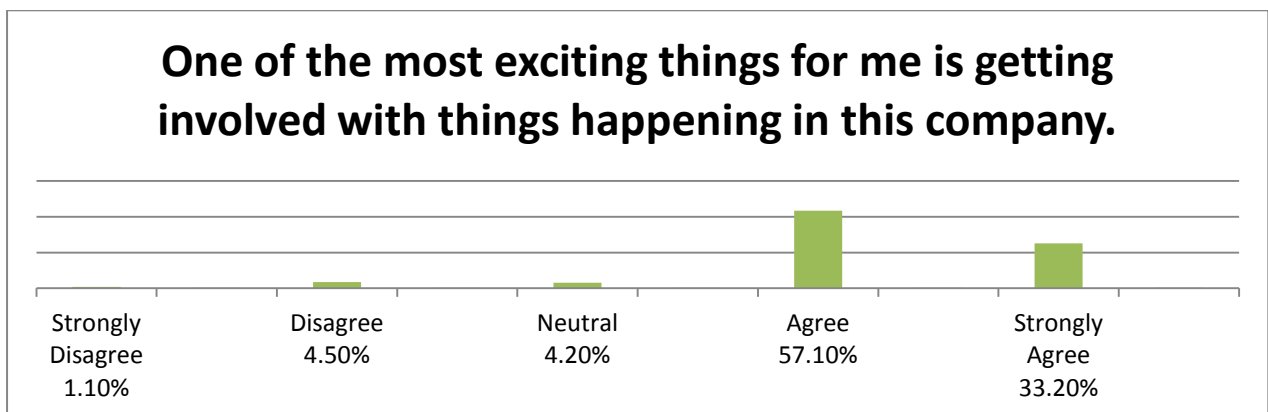
**Figure 4.23: Responses to EE: Employee Fit**

**Q3.2** Least subjects were neutral (1.8%) when answering the statement that they understood the overall goals of the company they work for and they knew where their work fitted in. Most agreed or strongly agreed (93.7%) while some disagreed or strongly disagreed (4.5%).



**Figure 4.24: Responses to EE: Growth Opportunities**

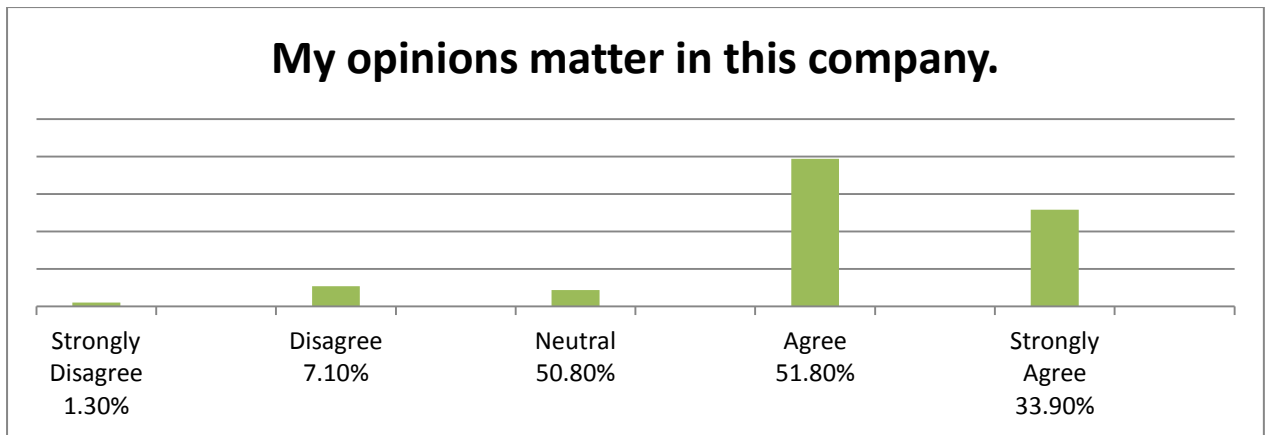
**Q3.3** A large number of participants agreed or strongly agreed that there were opportunities for them to grow in this company (92.6%), 2.4% were neutral, and the least disagreed or strongly disagreed at 5%.



**Figure 4.25: Responses to EE: Employee Involvement**

**Q4.1** One of the most exciting things for me is getting involved with things happening in this company.

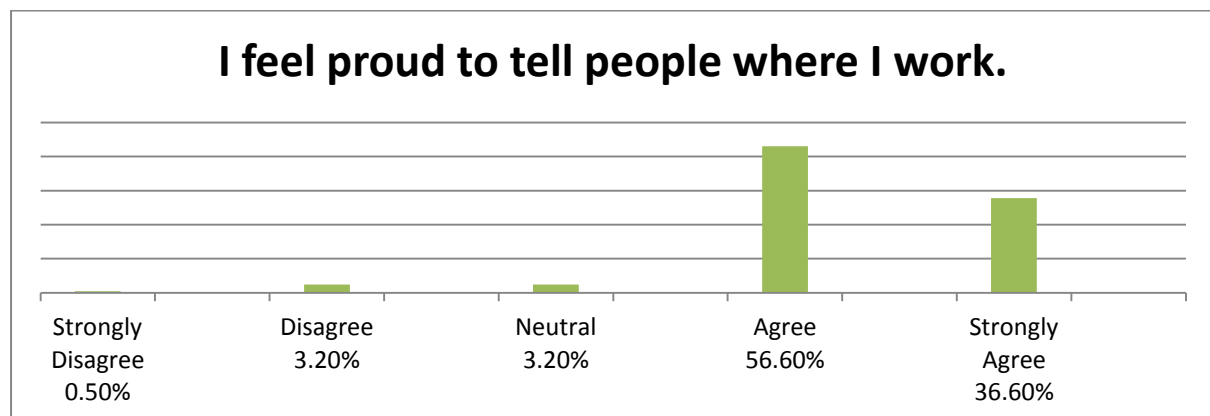
Subjects who were neutral on this statement came to 5.8%. Most of the subjects agreed or strongly agreed (85.7%). Subjects who disagreed or strongly disagreed amounted to 8.4%.



**Figure 4.26: Responses to EE: Employee Opinion**

**Q4.2** My opinions matter in this company.

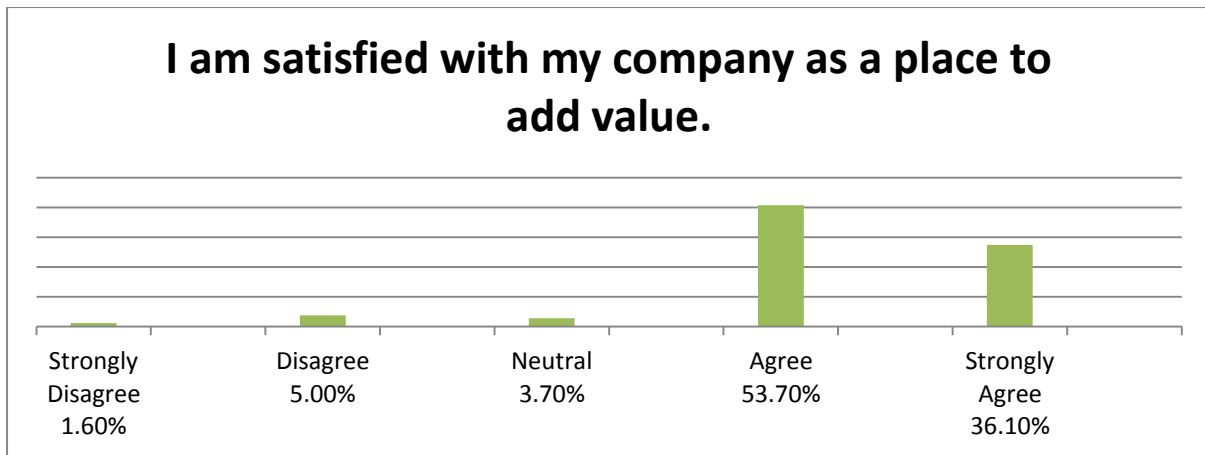
When subjects were asked if their opinions matter in the company they work for, some disagreed or strongly disagreed (3.7%), while 3.2% were neutral and most agreed or strongly agreed (93.2%).



**Figure 4.27: Responses to EE: Employee Pride**

**Q4.3** I feel proud to tell people where I work.

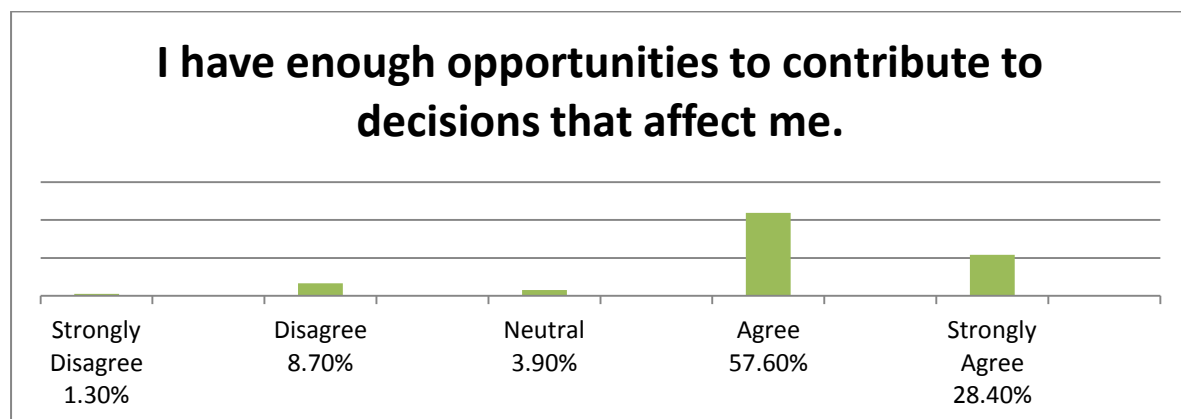
Subjects who agreed or strongly agreed that they felt proud to tell people where they worked added up to 89.8%, those who disagreed or strongly disagreed constituted 6.6%, and neutral subjects were 3.7%.



**Figure 4.28: Responses to EE: Employee Satisfaction**

**Q4.4** I am satisfied with my company as a place to add value.

A large group of subjects agreed or strongly agreed that they were satisfied with the company as a place that adds value (86%), while 10% disagreed or strongly disagreed, with 3.9% of subjects being neutral.

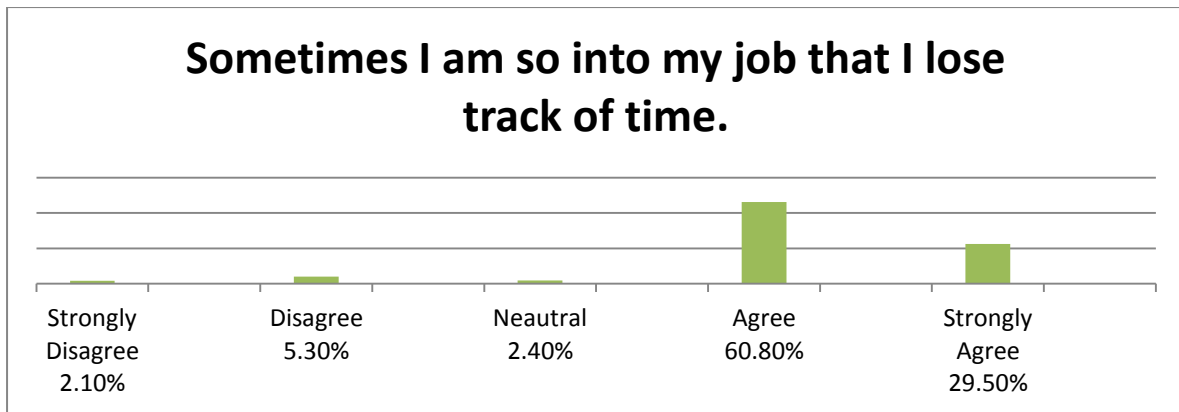


**Figure 4.29: Responses to EE: Opportunities to Contribute**

**Q4.5** I have enough opportunities to contribute to decisions that affect me.

90.3% of the subjects agreed or strongly agreed that they had enough opportunities to contribute to decisions that affect them in the organization. The least subjects were neutral (2.4%) and those who disagreed or strongly disagreed amounted to 7.4%.

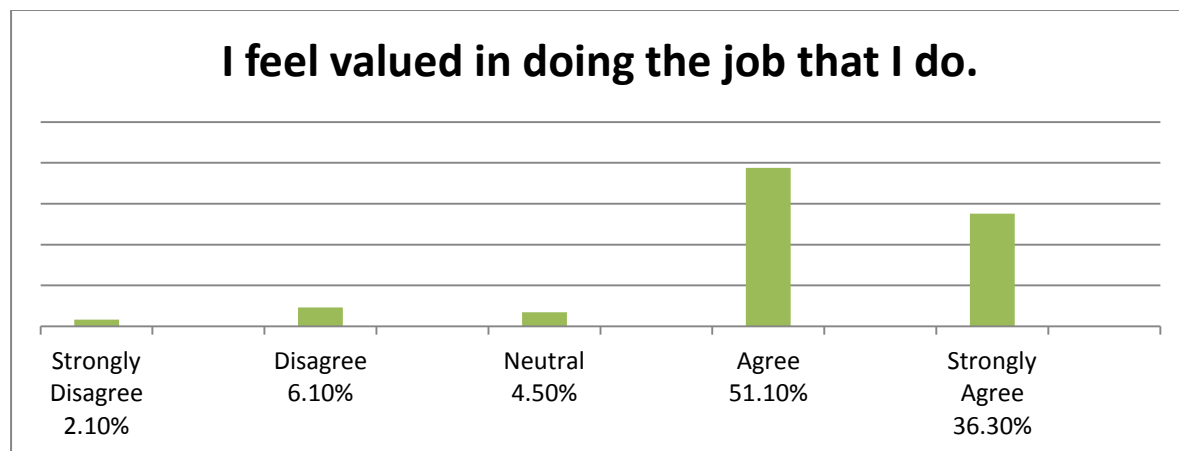




**Figure 4.30: Responses to EE: Job Engagement**

**Q5.1** I Sometimes I am so into my job that I lose track of time.

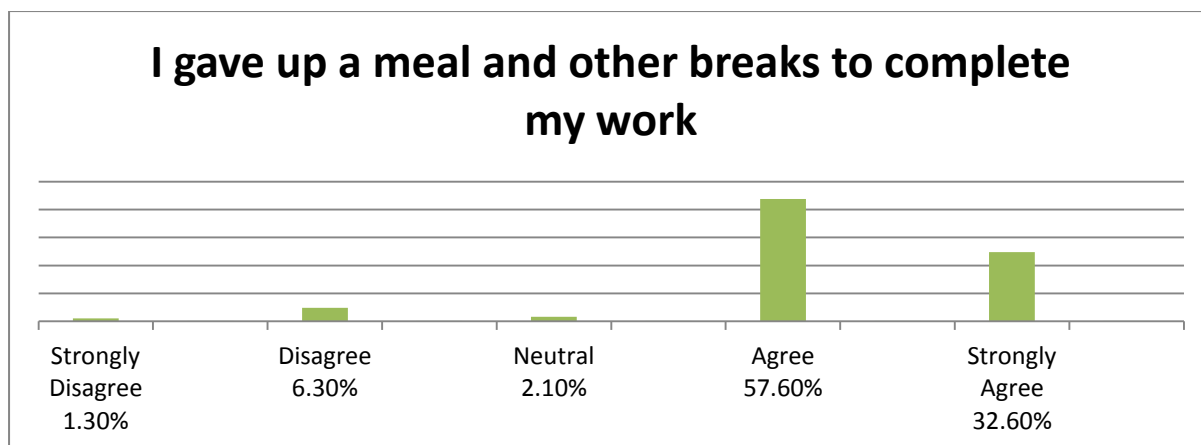
Most of the subjects agreed or strongly agreed that they were so into their jobs that sometimes they lost track of time (87.7%). Some disagreed or strongly disagreed (8.2%) while the smallest percentage of subjects were neutral at 4.5%.



**Figure 4.31: Responses to EE: Employee Valued in the Job**

**Q5.2** I feel valued in doing the job that I do.

Subjects who agreed or strongly agreed that they felt valued in the jobs that they do totalled 90.2%, while 2.1% were neutral and 7.6% disagreed or strongly disagreed.



**Figure 4.32: Responses to EE: Job Engagement**

#### **Q5.3** I gave up a meal and other breaks to complete my work

Most of the participants agreed or strongly agreed (90.20%), while 13.90% disagree or strongly disagreed, least subjects were neutral (2.10).

#### **4.7.3 Impact of Corporate Social Responsibility on Employee Engagement – Results Discussion**

CSR is an interface between business and society. It is not seen purely as a voluntary action, but theories such as institutional theory suggest that CSR falls within a wider field of economic governance characterised by different models. Many of the most interesting developments in CSR today play themselves out in a social space of private, but collective forms of self-regulation. This development has broadened the debate on CSR. Rather than being a limited sub-field or falling within the realm of business scholars, the application of CSR in organizations allows for better understanding of an organization's business responsibility. This study demonstrates the relationship between CSR and EE as shown in the literature. From the analysed data it is evident that employees are motivated by an organization's involvement in CSR resulting in positive engagement in their jobs and in the organization as a whole. It is demonstrated that CSR practice is not simply a co-optive strategy designed to capture internal and external stakeholders. Rather, CSR practices are an organization's strategy of formal corporate organizations, giving programmes and foundations to gain and maintain legitimacy with various

institutionalized actors within their environments. By looking across the results on both CSR and EE, it is clearly demonstrated that the impact of CSR activities go beyond being an internal activity. CSR increases the rates of philanthropic giving, and in a practical way demonstrates an organization's public account of its worthiness and appropriateness in a local community. The results on the study indicate a meaningful relationship between CSR and EE, between job and organization

#### **4.8 Inferential Statistics**

The data does not follow a normal distribution, refer to Table 4.5 below. Non-parametric statistics were used to determine whether there is a relationship between the CSR Dimensions, EE and the influence of the biographic variables on the study variables. Due to time constraints, only a limited number of hypotheses were formulated, therefore the influence between the biographic and the study variables was not examined.

##### *4.8.1 Hypothesis 1*

There is a statistically significant correlation between the CSR dimensions (awareness of CSR, involvement with CSR and environmental CSR) and EE.

**Table 4.5: Spearman's Rank Correlation: CSR Dimensions and Employee Engagement**

<b>Corporate Social Responsibility Dimensions</b>	<b>Employee Engagement</b>
Awareness of CSR	0.269
Involvement with CSR	0.328
Environmental CSR	0.319

Correlation is significant at the 0.01 level (2 – tailed). There is a statistically significant correlation between awareness of CSR ( $r = .269$ ;  $p < 0.01$ ), involvement with CSR ( $r = .328$ ;  $p < 0.01$ ), environmental CSR ( $r = .319$ ;  $p < 0.01$ ). The results indicate that the more subjects are aware of CSR; involved with CSR and practice environmental CSR the more they are engaged.

#### 4.8.2 Hypothesis 2

There is a statistically significant difference in the perceptions of the CSR dimensions (awareness, involvement and environment) and EE among the biographic variables.

##### 4.8.2.1 Gender

The results of the gender groups are shown in Table 4.6 below.

**Table 4.6: Comparison of mean ranks between males and females using the Mann-Whitney Test**

What is your gender?	Mann-Whitney U	Z	p
CSRa	16719.500	-1.096	.273
CSRb	17737.500	-.127	.899
CSRc	16678.000	-1.141	.254
Employee engagement	16409.000	-1.372	.170

The results in Table 4.6 of the Mann-Whitney test by gender indicate no significant differences between male and female respondents at the 95% level ( $p > 0.05$ ). This shows an absence of statistically significant difference in the perceptions of the CSR dimensions (awareness, involvement and environment) and Employee Engagement between males and females. Accordingly Hypothesis 2 is not supported for gender.

#### 4.8.2.2 Race

The results for the racial groups are shown in Table 4.7 below.

**Table 4.7: Kruskal Wallis Test by Race**

What is your race	Chi-Square	df	p
CSRa	.890	3	.828
CSRb	1.578	3	.664
CSRc	4.048	3	.256
Employee Engagement	14.384	3	.002

The results in Table 4.7 show a statistically significant difference in the perceptions of EE among race groups (Chi-Square = 14.384; df = 3;  $p < 0.05$ ). There is no statistically significant difference in the perception of the CSR dimensions (awareness, involvement and environment) among the race groups.

#### 4.8.3 Hypothesis 3

##### 4.8.3.1 Age

There is a statistically significant difference in perception of CSR dimension of environment among the age groups (Chi-Square = 9.513; df = 3;  $p < 0.05$ )

**Table 4.8: Comparison of Mean Ranks between Age Groups using the Kruskal-Wallis Test**

What is your age group	Chi-Square	df	p
CSRa	7.157	3	.067
CSRb	4.029	3	.258
CSRc	9.513	3	.023
Employee Engagement	6.687	3	.083

CSRc is significantly different between age groups at the 95% level ( $p < 0.05$ ). Although mean scores are around 4, mean scores are lowest in the 25-34 age group.

#### 4.8.3.2 Level of Educational Qualification

The results on Table 4.9 indicate that there is no statistically significant difference in the perception of the CSR dimensions (awareness, involvement and environment) and EE among the levels of educational qualification.

**Table 4.9: Comparison of Mean Ranks between Levels of Qualification using the Kruskal-Wallis Test**

Level of education?	Chi-Square	df	p
CSRa	9.173	5	.102
CSRb	2.123	5	.832
CSRc	4.780	5	.443
Employee Engagement	7.336	5	.197

#### 4.8.3.3 Department

Table 4.10 indicates that there is no statistically significant difference at the 95% level ( $p > 0.05$ ).

**Table 4.10: Comparison of Mean Ranks between Departments using the Kruskal-Wallis Test**

In which department do you work in?	Chi-Square	df	p
CSRa	5.093	6	.532
CSRb	8.320	6	.216
CSRc	4.565	6	.601
Employee Engagement	6.377	6	.382

The results of the Kruskal-Wallis test for comparison between departments indicates no significant differences at the 95% level ( $p>0.05$ ).

#### 4.8.3.4 Position Band

**Table 4.11: Comparison of Mean Ranks between Position Bands using the Kruskal-Wallis Test**

What is your position band?	Chi-Square	df	p
CSRa	15.979	6	.014
CSRb	3.255	6	.776
CSRc	8.802	6	.185
Employee Engagement	14.577	6	.024

The results of the Kruskal-Wallis test for comparison between position band indicates significant differences with regards to CSRa and EE at the 95% level ( $p<0.05$ ).

#### 4.8.3.5 Number of Years in Company

**Table 4.12: Comparison of Mean Ranks between Years in Company using the Kruskal-Wallis Test**

Number of years in the company?	Chi-Square	df	p
CSRa	5.904	4	.206
CSRb	6.986	4	.137
CSRc	1.238	4	.872
Employee Engagement	7.534	4	.110

The results of the Kruskal-Wallis test for comparison of mean ranks between number of years in the company indicate no significant differences at the 95% level ( $p>0.05$ ).

## **4.9 Study Limitations**

The results of this study should be considered in light of its limitations. Similar to other studies in this area (Rothbard, 2001; Bakker and Schaufeli, 2008; Sonnentag, 2003), this study has used only one organization. This limits the conclusions about causality and also raises concerns about bias. With respect to causality, some questions may not have been answered honestly by employees and the antecedents may have caused them to feel engaged or engagement may have caused the consequences. While these linkages are consistent with the literature on engagement burnout (Bakker and Schaufeli, 2004 and Brammer, Millington and Rayton, 2005) it is possible that engaged employees have more positive perceptions of their work experiences or that some of the consequences cause engagement. While the results of this study might have been affected by method bias, there are several reasons to place some confidence in the results on Eskom's population of 40 000 with the sample of 380 employees. First, the results were tested for reliability and validity meaning the scores were significantly different from each other. Second, the relationships between each measure of engagement and the antecedents and consequences differed in a number of meaningful ways. There were dummy questions included in the questionnaire which were not included in the data analysis. Finally, employees participated willingly, the large number of participants is made up of the employees who spend time in the office and have access to the computers. There is a large number of Eskom employees who hold technical positions mostly males, who did not participate for different reasons, some did not make time to participate.

## **4.10 Conclusion**

Organizational leaders have added to the speculations that EE as a form of adding flavour to HR. In addition to the theory and research, the results of this study suggest the following:

- There is a meaningful relationship between JO and OE, and they both lead to EE. There are a number of antecedents that are related to individual consequences as a result of feeling engaged.
- Employees involved in the CSR initiatives feel engaged and motivated.



- JE and OE mediate the relationship between antecedent, variables and consequences.
- CSR is closely related to EE, as it can be used as a means of engaging employees.
- Organizations should not focus on monetary benefits only, as CSR can also provide long-term benefits.

Eskom Foundation works throughout nine provinces in SA, the foundation's principles are guided by sustainability; from skills development to childhood development and food security programme. The programmes are mostly long term as they do not only feed communities but empowered and develop their skills which leads to employment or instilling entrepreneurial culture (Trialogue, 2013).

## **CHAPTER FIVE**

### **Conclusion and Recommendations**

#### **5.1 Introduction**

In Chapter 1 the main objectives of the study were listed and were addressed in the dissertation. The focus of this chapter is to sum up while referring to relevant parts of the dissertation. Recommendations will then be presented as to how CSR can be used for positive results on EE. This will be followed by closing remarks.

#### **5.2 Implications for Further Research**

The results of this study suggest that EE is a meaningful construct that is worthy of future research. There are several avenues to consider. One area would be to investigate other potential predictors of job and organization engagement. The present study included a number of factors associated with Kahn's (1990); Maslach, Schaufeli, and Leiter (2001) and Langelan, Bakker, van Doornen, and Schaufeli, (2006). However, there are other variables that might also be important for both job and organization engagement. For example, Human Resource practices such as flexible work arrangements, training programmes, and incentive compensation might also be important for engagement. Future research could include a broader range of predictors that are linked to particular types of role engagement. Along these lines, future research should attempt to flesh out the types of factors that are most important for engagement in different roles (e.g. job, organization and group).

#### **5.3 Recommendations for Future Studies and Limitations**

Eskom has a Social and Development Department that focuses on CSR projects. The project identifies needy communities, schools and so on. Involvement of other departments is very limited; therefore other employees have limited input. Most of the employees are aware of the initiatives, some do not see the initiatives as CSR, but understand the questions on the questionnaire. The study had possibilities of bias responses, in as much as the introduction to the research explains that Eskom has signed the consent form, and it is voluntary for employees to participate. For future research thorough explanation to employees about what these academic

researchers are trying to do, how the organization can benefit, and in the end benefit the employees. Eskom must involve employees as much as they can, employees must also be involved in identifying the potential initiatives this will greatly improve their level of engagement. Participants indicated a very high engagement and awareness, but there are focus areas that this study was unable to examine. Future research could consider the topics that drill deeper into the initiatives that interest employees; qualitative research would also produce more details as this study, being quantitative, may have found only limited information that employees were willing to share.

## **5.4 Summary**

EE resonates strongly as a current management focus. It is suggested as a desirable employee behavioural outcome resulting in reduced staff turnover and increased job performance (Woo, Sims, Rupp and Gibbons 2008; Macey and Schneider, 2008). These outcomes are closely linked to reduced labour cost, increased productivity, profitability and long-term shareholder value (Buckingham and Coffman, 1999; Harter & Schmidt, 2008). A strong effective employee-employer connection is a key behavioural driver associated with EE (Buckingham and Coffman, 1999). The intention of this research was to highlight the importance of EE in the literature diagram 2.2 model frameworks. There are number of factors and activities that can be used to make employees feel valued and involved. The collected data provided sufficient evidence that employees can be engaged by in the form of involving them in CSR initiatives. In this study, 380 Eskom employees are now aware of the CSR initiatives that Eskom is involved in, and they are proud to work for an organization that promotes environmental health.

## **5.5 Conclusions on the Objectives**

The objectives were addressed in the dissertation and will now be properly concluded by referring to the relevant sections. Recommendations from this study are based on the impact that CSR has on EE. The main objective of this study was to provide a framework that can enable organizations to engage employees. Within the framework, various models have been defined to enable management to attract, motivate and retain good talent. EE is an important issue in Human Resources

Management. This study aimed at finding whether Eskom employees were aware of the external CSR initiatives that Eskom was involved in, and if there was a relationship between CSR and EE. The study answered these questions positively, it is concluded that there is a positive relationship between CSR and EE, Eskom employees are aware of CSR initiatives even if though they are not involved, and CSR does impact their engagement positively. EE is a direct consequence or benefit from CSR initiatives. This study was conducted to investigate the potential relationship and impact of being socially responsible as an organization and as an engaged employee. The study found a significant influence of CSR on the organization's reputation and its creation of high levels of EE. It was also found that Eskom employees are aware of the organizations social activities and they are motivated by that. They spoke highly of their organization even in their communities; this results in Eskom enjoying high levels of commitment from its employees.

Academically, this study has a number of implications. It suggests that employees conceptualize CSR on different perspectives, such as how well an organization communicates with its environment and how ethically it provides benefit to its stakeholders through its products and services. Organizations with effective CSR interventions and a reputation for doing good, attract committed employees who engage themselves with their jobs and organization.

## **5.6 Closing Remarks**

This dissertation discusses and recommends that organizations should incorporate CSR into their strategic decision-making process in order to build a good reputation and to motivate employees not only for competitive advantage, but for investment in Human Resources Management. It critically addresses the management aspects that require managers to invest in activities that look after employees, since they are great assets in the organization. Because employees are so important continuous improvement in how to keep them engaged is vital. Therefore it is worthwhile for organizations to integrate their business activities internally. The study also provides guidelines for future researchers on this topic. From above it can be seen that Corporate Social Responsibility makes business sense economically, environmentally, and over and above that makes employees happy and committed.

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**Appendix 1**  
**Survey Instrument: Questionnaire**

1 What is your gender?

1. Male
2. Female

2 What is your race?

1. African
2. Coloured
3. Indian
4. White
5. Other

3 What is your age group?

1. Below 25
2. 25 - 34
3. 35 - 44
4. 45 - 55 and over

4 Your educational qualification?

1. Matric
2. Certificate
3. Diploma
4. Degree
5. Post Grad
6. Other

5 In which department are you working in?

1. Finance / Admin
2. Human Resources
3. Engineering
4. Fleet

5. Operations
6. Risk / Security
7. Other

6 What is your position Band?

1. EEE Band
2. M Band
3. P Band
4. G14 - G15
5. T9 - T13
6. T4 - T8
7. Other

7 Number of years in the company?

1. Less than 5
2. 5 - 9
3. 10 - 14
4. 15 - 19
5. 20 and over

8 I am aware of my company's corporate social responsibility initiatives.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly agree

9 My company supports communities in education.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree



10 My company supports communities in health.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

11 My company supports community welfare and development.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

12 My company provides safe and satisfying workplace.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

13 I am involved in my companys corporate social responsibility initiatives.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

14 Corporate social responsibility has an impact on employees.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree

5. Strongly Agree

15 My company does a good job of contributing to the communities in which we live and work.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

16 My companys involvement in corporate social responsibility motivates me.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

17 My company is involved in environmental friendly practices.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

18 My company is committed in reducing and preventing pollution.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

19 My company promotes greener buildings and workplace.

1. Strongly Disagree
2. Disagree

3. Neutral
4. Agree
5. Strongly Agree

20 My company's commitment to corporate social responsibility is genuine.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

21 My company strives to improve efficiency and reduce energy consumption.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

22 I feel proud to tell people I work for this company.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

23 I understand the overall goals of my company and where my work fits in.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

24 There are opportunities to learn and grow in this company.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

25 There are opportunities to learn and grow in this company

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

26 One of the most exciting things for me is getting involved with things happening in this company.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

27 My opinions matter in this company.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

28 I feel proud to tell people where I work.

1. Strongly Disagree
2. Disagree
3. Neutral

- 4. Agree
- 5. Strongly Agree

29 I am satisfied with my company as a place to add value.

- 1. Strongly Disagree
- 2. Disagree
- 3. Neutral
- 4. Agree
- 5. Strongly Agree

30 I have enough opportunities to contribute to decisions that affect me.

- 1. Strongly Disagree
- 2. Disagree
- 3. Neutral
- 4. Agree
- 5. Strongly Agree

31 Sometimes I am so into my job that I lose track of time.

- 1. Strongly Disagree
- 2. Disagree
- 3. Neutral
- 4. Agree
- 5. Strongly Agree

32 I feel valued in doing the job that I do.

- 1. Strongly Disagree
- 2. Disagree
- 3. Neutral
- 4. Agree
- 5. Strongly Agree

33 I gave up meal and other breaks to complete my work.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

34 Which best describes the way you feel in the morning about coming to work.

1. I do want to come in nearly everyday
2. I do want to come in more days than I don't want to
3. I want to come in about half the time
4. I don't want to come in more days than I do want to
5. I don't want to come in nearly everyday

35 I understand how my role contributes to achieving business outcomes.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

36 My job is inherently satisfying.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

37 I have the tools I need to do my job effectively.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

38 My job is mentally stimulating.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

39 I have brought work home to prepare for next day.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

40 There are future opportunities for growth in my company.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

41 My company affords me opportunities to grow my skills.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

42 I see growth and career opportunities for myself in this company.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

43 I know how I fit in the companys future plans.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

44 Someone at work cares about me as a person.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

45 The mission and purpose of my company make me feel that my job is important.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

46 My supervisor supports my development and care about me as a person.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree



47 My supervisor cares about my opinions.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

48 My immediate manager inspires me.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

49 I trust the information I receive from my immediate manager.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

50 My manager values the work I do.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

51 My company has adequate reward programmes.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

52 I receive recognition and reward for my contributions.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

53 Considering the value that I bring in this company, I am paid fairly.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

54 In the past 12 months, which of these outcomes of recognition have you received?

1. Promotion
2. Praise from a supervisor
3. Some form of public recognition
4. Financial reward / incentive
5. None

55 Corporate social responsibility enhances job satisfaction to employees.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

56 In the past 12 months I have volunteered for extra work assignments.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

57 Organizational commitment is increased if the company cares about employees and society.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

58 I have tried to recruit a person to work for my company.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

59 Being involved in company's future plans reduces my intention to resign.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

60 Working for a company that cares about the society and environment keeps me loyal to my company.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

61 Communities supports companies that supports them, e.g. gives them donations.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

62 Company that gives to the communities increases organizations belonging in the society.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

63 Companies that invest community welfare are companys that obey laws and regulations.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

64 Sometimes people at work may make extra efforts that go above and beyond the call of duty.

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

## Appendix 2

<b>Subject:</b>	Re: Corporate Social Responsibility and Employee Engagement
<b>From:</b>	Alan Saks (saks@utsc.utoronto.ca)
<b>To:</b>	fkweyama@ymail.com;
<b>Date:</b>	Monday, March 11, 2013 2:46 PM

The measures are in the appendix and are therefore in the public domain. Use them as you like.

Alan Saks, PhD  
Professor, HRM  
University of Toronto

On 11/03/2013 3:23 AM, Fortunate Kweyama wrote:

Dear Sir

Im currently doing an MBA Thesis on Corporate Social Responsibility and Employee engagement.

I would like to use your questionnaire used on the article journal on Antecedents and consequences of employee engagement with your permission.

Yours Faithfully

Miss Fortunate Kweyama

## Appendix 3

### List of Other Tables

**Table 1: CSR Rotated Component Matrix**

	Component	Component	Component
	1	2	3
Q2_1	.653		
Q2_2	.779		
Q2_3	.708		
Q2_4	.702		
Q2_5	.488		
Q2_6		.666	
Q2_7		.764	
Q2_8		.658	
Q2_9		.583	
Q2_10			.480
Q2_11			.582
Q2_12			.758
Q2_13			.703
Q2_14			.626

Component (Factor) 1 – Awareness of Corporate Social Responsibility

Component (Factor) 2 – Company Involvement with Corporate Social Responsibility

Component(Factor) 3 – Environmental Social Responsibility

**Table 2: Employee Engagement Rotated Component Matrix**

	Component	Component
	1	2
Q3_1		.685
Q3_2		.591
Q3_3		.782
Q4_1		.595
Q4_2	.510	
Q4_3		.450
Q4_4	.582	
Q4_5	.753	
Q5_1	.771	
Q5_2	.731	
Q5_3	.634	

Component (Factor) 1 – Organizational Engagement

Component (Factor) 2 – Job Engagement



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